

**SUSPEND THE RULES AND PASS THE BILL, H.R. 3004, WITH AN
AMENDMENT**

**(The amendment strikes all after the enacting clause and inserts a
new text)**

107TH CONGRESS
1ST SESSION

H. R. 3004

To combat the financing of terrorism and other financial crimes, and for
other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 3, 2001

Mr. OXLEY (for himself, Mr. LAFALCE, Mr. LEACH, Mrs. MALONEY of New York, Mrs. ROUKEMA, Mr. BENTSEN, Ms. HOOLEY of Oregon, Mr. BREUTER, Mr. BAKER, Mr. BACHUS, Mr. KING, Mrs. KELLY, Mr. GILLMOR, Mr. CANTOR, Mr. RILEY, Mr. LATOURETTE, Mr. GREEN of Wisconsin, and Mr. GRUCCI) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on the Judiciary, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To combat the financing of terrorism and other financial
crimes, and for other purposes.



Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Financial Anti-Terrorism Act of 2001”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—STRENGTHENING LAW ENFORCEMENT

Sec. 101. Bulk cash smuggling into or out of the United States.

Sec. 102. Forfeiture in currency reporting cases.

Sec. 103. Illegal money transmitting businesses.

Sec. 104. Long-arm jurisdiction over foreign money launderers.

Sec. 105. Laundering money through a foreign bank.

Sec. 106. Specified unlawful activity for money laundering.

Sec. 107. Laundering the proceeds of terrorism.

Sec. 108. Proceeds of foreign crimes.

Sec. 109. Penalties for violations of geographic targeting orders and certain record keeping requirements.

Sec. 110. Exclusion of aliens involved in money laundering.

Sec. 111. Standing to contest forfeiture of funds deposited into foreign bank that has a correspondent account in the United States.

Sec. 112. Subpoenas for records regarding funds in correspondent bank accounts.

Sec. 113. Authority to order convicted criminal to return property located abroad.

Sec. 114. Corporation represented by a fugitive.

Sec. 115. Enforcement of foreign judgments.

Sec. 116. Reporting provisions and anti-terrorist activities of United States intelligence agencies.

Sec. 117. Financial Crimes Enforcement Network.

Sec. 118. Prohibition on false statements to financial institutions concerning the identity of a customer.

Sec. 119. Verification of identification.

Sec. 120. Consideration of anti-money laundering record.

Sec. 121. Reporting of suspicious activities by informal underground banking systems, such as hawalas.

Sec. 122. Uniform protection authority for Federal reserve facilities.

Sec. 123. Reports relating to coins and currency received in nonfinancial trade or business.

TITLE II—PUBLIC-PRIVATE COOPERATION

Sec. 201. Establishment of highly secure network.



- Sec. 202. Report on improvements in data access and other issues.
Sec. 203. Reports to the financial services industry on suspicious financial activities.
Sec. 204. Efficient use of currency transaction report system.
Sec. 205. Public-private task force on terrorist financing issues.
Sec. 206. Suspicious activity reporting requirements.
Sec. 207. Amendments relating to reporting of suspicious activities.
Sec. 208. Authorization to include suspicions of illegal activity in written employment references.
Sec. 209. International cooperation on identification of originators of wire transfers.
Sec. 210. Check truncation study.

TITLE III—COMBATTING INTERNATIONAL MONEY LAUNDERING

- Sec. 301. Special measures for jurisdictions, financial institutions, or international transactions of primary money laundering concern.
Sec. 302. Special due diligence for correspondent accounts and private banking accounts.
Sec. 303. Prohibition on United States correspondent accounts with foreign shell banks.
Sec. 304. Anti-money laundering programs.
Sec. 305. Concentration accounts at financial institutions.
Sec. 306. International cooperation in investigations of money laundering, financial crimes, and the finances of terrorist groups.

TITLE IV—CURRENCY PROTECTION

- Sec. 401. Counterfeiting domestic currency and obligations.
Sec. 402. Counterfeiting foreign currency and obligations.
Sec. 403. Production of documents.
Sec. 404. Reimbursement.

1 **TITLE I—STRENGTHENING LAW** 2 **ENFORCEMENT**

3 **SEC. 101. BULK CASH SMUGGLING INTO OR OUT OF THE** 4 **UNITED STATES.**

5 (a) FINDINGS.—The Congress finds the following:

- 6 (1) Effective enforcement of the currency re-
7 porting requirements of subchapter II of chapter 53
8 of title 31, United States Code, and the regulations
9 prescribed under such subchapter, has forced drug
10 dealers and other criminals engaged in cash-based



1 businesses to avoid using traditional financial insti-
2 tutions.

3 (2) In their effort to avoid using traditional fi-
4 nancial institutions, drug dealers and other criminals
5 are forced to move large quantities of currency in
6 bulk form to and through the airports, border cross-
7 ings, and other ports of entry where the currency
8 can be smuggled out of the United States and placed
9 in a foreign financial institution or sold on the black
10 market.

11 (3) The transportation and smuggling of cash
12 in bulk form may now be the most common form of
13 money laundering, and the movement of large sums
14 of cash is one of the most reliable warning signs of
15 drug trafficking, terrorism, money laundering, rack-
16 eteering, tax evasion and similar crimes.

17 (4) The intentional transportation into or out of
18 the United States of large amounts of currency or
19 monetary instruments, in a manner designed to cir-
20 cumvent the mandatory reporting provisions of sub-
21 chapter II of chapter 53 of title 31, United States
22 Code,, is the equivalent of, and creates the same
23 harm as, the smuggling of goods.

24 (5) The arrest and prosecution of bulk cash
25 smugglers are important parts of law enforcement's



1 effort to stop the laundering of criminal proceeds,
2 but the couriers who attempt to smuggle the cash
3 out of the United States are typically low-level em-
4 ployees of large criminal organizations, and thus are
5 easily replaced. Accordingly, only the confiscation of
6 the smuggled bulk cash can effectively break the
7 cycle of criminal activity of which the laundering of
8 the bulk cash is a critical part.

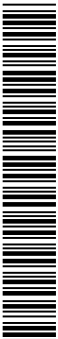
9 (6) The current penalties for violations of the
10 currency reporting requirements are insufficient to
11 provide a deterrent to the laundering of criminal
12 proceeds. In particular, in cases where the only
13 criminal violation under current law is a reporting
14 offense, the law does not adequately provide for the
15 confiscation of smuggled currency. In contrast, if the
16 smuggling of bulk cash were itself an offense, the
17 cash could be confiscated as the corpus delicti of the
18 smuggling offense.

19 (b) PURPOSES.—The purposes of this section are—

20 (1) to make the act of smuggling bulk cash
21 itself a criminal offense;

22 (2) to authorize forfeiture of any cash or instru-
23 ments of the smuggling offense;

24 (3) to emphasize the seriousness of the act of
25 bulk cash smuggling; and



1 (4) to prescribe guidelines for determining the
2 amount of property subject to such forfeiture in var-
3 ious situations.

4 (c) ENACTMENT OF BULK CASH SMUGGLING OF-
5 FENSE.—Subchapter II of chapter 53 of title 31, United
6 States Code, is amended by adding at the end the fol-
7 lowing:

8 **“§ 5331. Bulk cash smuggling into or out of the**
9 **United States**

10 **“(a) CRIMINAL OFFENSE.—**

11 **“(1) IN GENERAL.—**Whoever, with the intent to
12 evade a currency reporting requirement under sec-
13 tion 5316, knowingly conceals more than \$10,000 in
14 currency or other monetary instruments on the per-
15 son of such individual or in any conveyance, article
16 of luggage, merchandise, or other container, and
17 transports or transfers or attempts to transport or
18 transfer such currency or monetary instruments
19 from a place within the United States to a place out-
20 side of the United States, or from a place outside
21 the United States to a place within the United
22 States, shall be guilty of a currency smuggling of-
23 fense and subject to punishment pursuant to sub-
24 section (b).



1 “(2) CONCEALMENT ON PERSON.—For pur-
2 poses of this section, the concealment of currency on
3 the person of any individual includes concealment in
4 any article of clothing worn by the individual or in
5 any luggage, backpack, or other container worn or
6 carried by such individual.

7 “(b) PENALTY.—

8 “(1) TERM OF IMPRISONMENT.—A person con-
9 victed of a currency smuggling offense under sub-
10 section (a), or a conspiracy to commit such offense,
11 shall be imprisoned for not more than 5 years.

12 “(2) FORFEITURE.—In addition, the court, in
13 imposing sentence under paragraph (1), shall order
14 that the defendant forfeit to the United States, any
15 property, real or personal, involved in the offense,
16 and any property traceable to such property, subject
17 to subsection (d) of this section.

18 “(3) PROCEDURE.—The seizure, restraint, and
19 forfeiture of property under this section shall be gov-
20 erned by section 413 of the Controlled Substances
21 Act.

22 “(4) PERSONAL MONEY JUDGMENT.—If the
23 property subject to forfeiture under paragraph (2) is
24 unavailable, and the defendant has insufficient sub-
25 stitute property that may be forfeited pursuant to



1 section 413(p) of the Controlled Substances Act, the
2 court shall enter a personal money judgment against
3 the defendant for the amount that would be subject
4 to forfeiture.

5 “(c) CIVIL FORFEITURE.—

6 “(1) IN GENERAL.—Any property involved in a
7 violation of subsection (a), or a conspiracy to com-
8 mit such violation, and any property traceable to
9 such violation or conspiracy, may be seized and, sub-
10 ject to subsection (d) of this section, forfeited to the
11 United States.

12 “(2) PROCEDURE.—The seizure and forfeiture
13 shall be governed by the procedures governing civil
14 forfeitures in money laundering cases pursuant to
15 section 981(a)(1)(A) of title 18, United States Code.

16 “(3) TREATMENT OF CERTAIN PROPERTY AS
17 INVOLVED IN THE OFFENSE.—For purposes of this
18 subsection and subsection (b), any currency or other
19 monetary instrument that is concealed or intended
20 to be concealed in violation of subsection (a) or a
21 conspiracy to commit such violation, any article, con-
22 tainer, or conveyance used, or intended to be used,
23 to conceal or transport the currency or other mone-
24 tary instrument, and any other property used, or in-



1 tended to be used, to facilitate the offense, shall be
2 considered property involved in the offense.”.

3 (c) CLERICAL AMENDMENT.—The table of sections
4 for subchapter II of chapter 53 of title 31, United States
5 Code, is amended by inserting after the item relating to
6 section 5330, the following new item:

“5331. Bulk cash smuggling into or out of the United States.”.

7 **SEC. 102. FORFEITURE IN CURRENCY REPORTING CASES.**

8 (a) IN GENERAL.—Subsection (c) of section 5317 of
9 title 31, United States Code, is amended to read as fol-
10 lows:

11 “(c) FORFEITURE.—

12 “(1) IN GENERAL.—The court in imposing sen-
13 tence for any violation of section 5313, 5316, or
14 5324 of this title, or any conspiracy to commit such
15 violation, shall order the defendant to forfeit all
16 property, real or personal, involved in the offense
17 and any property traceable thereto.

18 “(2) PROCEDURE.—Forfeitures under this sub-
19 section shall be governed by the procedures estab-
20 lished in section 413 of the Controlled Substances
21 Act and the guidelines established in paragraph (4).

22 “(3) CIVIL FORFEITURE.—Any property in-
23 volved in a violation of section 5313, 5316, or 5324
24 of this title, or any conspiracy to commit any such
25 violation, and any property traceable to any such



1 violation or conspiracy, may be seized and, subject
2 to paragraph (4), forfeited to the United States in
3 accordance with the procedures governing civil for-
4 feitures in money laundering cases pursuant to sec-
5 tion 981(a)(1)(A) of title 18, United States Code.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 981(a)(1)(A) of title 18, United
8 States Code, is amended by striking “of section
9 5313(a) or 5324(a) of title 31, or”.

10 (2) Section 982(a)(1) of title 18, United States Code,
11 is amended by striking “of section 5313(a), 5316, or 5324
12 of title 31, or”.

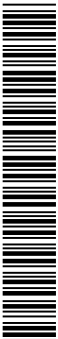
13 **SEC. 103. ILLEGAL MONEY TRANSMITTING BUSINESSES.**

14 (a) SCIENTER REQUIREMENT FOR SECTION 1960
15 VIOLATION.—Section 1960 of title 18, United States
16 Code, is amended to read as follows:

17 **“§ 1960. Prohibition of unlicensed money transmit-**
18 **ting businesses**

19 “(a) Whoever knowingly conducts, controls, manages,
20 supervises, directs, or owns all or part of an unlicensed
21 money transmitting business, shall be fined in accordance
22 with this title or imprisoned not more than 5 years, or
23 both.

24 “(b) As used in this section—



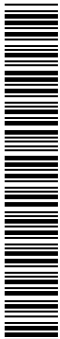
1 “(1) the term ‘unlicensed money transmitting
2 business’ means a money transmitting business
3 which affects interstate or foreign commerce in any
4 manner or degree and—

5 “(A) is operated without an appropriate
6 money transmitting license in a State where
7 such operation is punishable as a misdemeanor
8 or a felony under State law, whether or not the
9 defendant knew that the operation was required
10 to be licensed or that the operation was so pun-
11 ishable;

12 “(B) fails to comply with the money trans-
13 mitting business registration requirements
14 under section 5330 of title 31, United States
15 Code, or regulations prescribed under such sec-
16 tion; or

17 “(C) otherwise involves the transportation
18 or transmission of funds that are known to the
19 defendant to have been derived from a criminal
20 offense or are intended to be used to be used
21 to promote or support unlawful activity;

22 “(2) the term ‘money transmitting’ includes
23 transferring funds on behalf of the public by any
24 and all means including but not limited to transfers



1 within this country or to locations abroad by wire,
2 check, draft, facsimile, or courier; and

3 “(3) the term ‘State’ means any State of the
4 United States, the District of Columbia, the North-
5 ern Mariana Islands, and any commonwealth, terri-
6 tory, or possession of the United States.”.

7 (b) SEIZURE OF ILLEGALLY TRANSMITTED
8 FUNDS.—Section 981(a)(1)(A) of title 18, United States
9 Code, is amended by striking “or 1957” and inserting “,
10 1957 or 1960”.

11 (c) CLERICAL AMENDMENT.—The table of sections
12 for chapter 95 of title 18, United States Code, is amended
13 in the item relating to section 1960 by striking “illegal”
14 and inserting “unlicensed”.

15 **SEC. 104. LONG-ARM JURISDICTION OVER FOREIGN MONEY**
16 **LAUNDERERS.**

17 Section 1956(b) of title 18, United States Code, is
18 amended—

19 (1) by striking “(b) Whoever” and inserting
20 “(b)(1) Whoever”;

21 (2) by redesignating paragraphs (1) and (2) as
22 subparagraphs (A) and (B), respectively;

23 (3) by striking “subsection (a)(1) or (a)(3),”
24 and inserting “subsection (a)(1) or (a)(2) or section
25 1957,”; and



1 (4) by adding at the end the following new
2 paragraphs:

3 “(2) For purposes of adjudicating an action filed or
4 enforcing a penalty ordered under this section, the district
5 courts shall have jurisdiction over any foreign person, in-
6 cluding any financial institution authorized under the laws
7 of a foreign country, against whom the action is brought,
8 if—

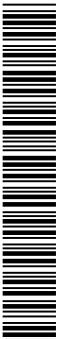
9 “(A) service of process upon such foreign per-
10 son is made under the Federal Rules of Civil Proce-
11 dure or the laws of the country where the foreign
12 person is found; and

13 “(B) the foreign person—

14 “(i) commits an offense under subsection
15 (a) involving a financial transaction that occurs
16 in whole or in part in the United States;

17 “(ii) converts to such person’s own use
18 property in which the United States has an
19 ownership interest by virtue of the entry of an
20 order of forfeiture by a court of the United
21 States; or

22 “(iii) is a financial institution that main-
23 tains a correspondent bank account at a finan-
24 cial institution in the United States.



1 “(3) The court may issue a pretrial restraining order
2 or take any other action necessary to ensure that any bank
3 account or other property held by the defendant in the
4 United States is available to satisfy a judgment under this
5 section.”.

6 **SEC. 105. LAUNDERING MONEY THROUGH A FOREIGN**
7 **BANK.**

8 Section 1956(c)(6) of title 18, United States Code,
9 is amended to read as follows:

10 “(6) the term ‘financial institution’ includes any
11 financial institution described in section 5312(a)(2)
12 of title 31, United States Code, or the regulations
13 promulgated thereunder, as well as any foreign
14 bank, as defined in paragraph (7) of section 1(b) of
15 the International Banking Act of 1978 (12 U.S.C.
16 3101(7));”.

17 **SEC. 106. SPECIFIED UNLAWFUL ACTIVITY FOR MONEY**
18 **LAUNDERING.**

19 (a) IN GENERAL.—Section 1956(c)(7) of title 18,
20 United States Code, is amended—

21 (1) in subparagraph (B)—

22 (A) by striking clause (ii) and inserting the
23 following new clause:



1 “(ii) any act or acts constituting a
2 crime of violence, as defined in section 16
3 of this title;”; and

4 (B) by inserting after clause (iii) the fol-
5 lowing new clauses:

6 “(iv) bribery of a public official, or
7 the misappropriation, theft, or embezzle-
8 ment of public funds by or for the benefit
9 of a public official;

10 “(v) smuggling or export control viola-
11 tions involving munitions listed in the
12 United States Munitions List or tech-
13 nologies with military applications as de-
14 fined in the Commerce Control List of the
15 Export Administration Regulations; or

16 “(vi) an offense with respect to which
17 the United States would be obligated by a
18 bilateral treaty either to extradite the al-
19 leged offender or to submit the case for
20 prosecution, if the offender were found
21 within the territory of the United States;”;

22 and

23 (2) in subparagraph (D)—

24 (A) by inserting “section 541 (relating to
25 goods falsely classified),” before “section 542”;



1 (B) by inserting “section 922(1) (relating
2 to the unlawful importation of firearms), sec-
3 tion 924(n) (relating to firearms trafficking),”
4 before “section 956”;

5 (C) by inserting “section 1030 (relating to
6 computer fraud and abuse),” before “1032”;
7 and

8 (D) by inserting “any felony violation of
9 the Foreign Agents Registration Act of 1938,
10 as amended,” before “or any felony violation of
11 the Foreign Corrupt Practices Act”.

12 (b) RULE OF CONSTRUCTION.—None of the changes
13 or amendments made by the Financial Anti-Terrorism Act
14 of 2001 shall expand the jurisdiction of any Federal or
15 State court over any civil action or claim for monetary
16 damages for the nonpayment of taxes or duties under the
17 revenue laws of a foreign state, or any political subdivision
18 thereof, except as such actions or claims are authorized
19 by United States treaty that provides the United States
20 and its political subdivisions with reciprocal rights to pur-
21 sue such actions or claims in the courts of the foreign
22 state and its political subdivisions.

23 **SEC. 107. LAUNDERING THE PROCEEDS OF TERRORISM.**

24 Section 1956(c)(7)(D) of title 18, United States
25 Code, is amended by inserting “or 2339B” after “2339A”.



1 **SEC. 108. PROCEEDS OF FOREIGN CRIMES.**

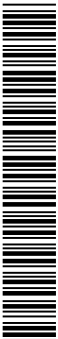
2 Section 981(a)(1)(B) of title 18, United States Code,
3 is amended to read as follows:

4 “(B) Any property, real or personal, within the
5 jurisdiction of the United States, constituting, de-
6 rived from, or traceable to, any proceeds obtained di-
7 rectly or indirectly from an offense against a foreign
8 nation, or any property used to facilitate such of-
9 fense, if—

10 “(i) the offense involves the manufacture,
11 importation, sale, or distribution of a controlled
12 substance (as such term is defined for the pur-
13 poses of the Controlled Substances Act), or any
14 other conduct described in section
15 1956(c)(7)(B),

16 “(ii) the offense would be punishable with-
17 in the jurisdiction of the foreign nation by
18 death or imprisonment for a term exceeding one
19 year, and

20 “(iii) the offense would be punishable
21 under the laws of the United States by impris-
22 onment for a term exceeding one year if the act
23 or activity constituting the offense had occurred
24 within the jurisdiction of the United States.”.



1 **SEC. 109. PENALTIES FOR VIOLATIONS OF GEOGRAPHIC**
2 **TARGETING ORDERS AND CERTAIN RECORD**
3 **KEEPING REQUIREMENTS.**

4 (a) CIVIL PENALTY FOR VIOLATION OF TARGETING
5 ORDER.—Section 5321(a)(1) of title 31, United States
6 Code, is amended—

7 (1) by inserting “or order issued” after “sub-
8 chapter or a regulation prescribed”; and

9 (2) by inserting “, or willfully violating a regu-
10 lation prescribed under section 21 of the Federal
11 Deposit Insurance Act or section 123 of Public Law
12 91–508,” after “sections 5314 and 5315”).

13 (b) CRIMINAL PENALTIES FOR VIOLATION OF TAR-
14 GETING ORDER.—

15 Section 5322 of title 31, United States Code, is
16 amended—

17 (1) in subsection (a)—

18 (A) by inserting “or order issued” after
19 “willfully violating this subchapter or a regula-
20 tion prescribed”; and

21 (B) by inserting “, or willfully violating a
22 regulation prescribed under section 21 of the
23 Federal Deposit Insurance Act or section 123
24 of Public Law 91–508,” after “under section
25 5315 or 5324”;

26 (2) in subsection (b)—



1 (A) by inserting “or order issued” after
2 “willfully violating this subchapter or a regula-
3 tion prescribed”; and

4 (B) by inserting “or willfully violating a
5 regulation prescribed under section 21 of the
6 Federal Deposit Insurance Act or section 123
7 of Public Law 91–508,” after “under section
8 5315 or 5324),”;

9 (c) STRUCTURING TRANSACTIONS TO EVADE TAR-
10 GETING ORDER OR CERTAIN RECORD KEEPING REQUIRE-
11 MENTS.—Section 5324(a) of title 31, United States Code,
12 is amended—

13 (1) by inserting a comma after “shall”;

14 (2) by striking “section—” and inserting “sec-
15 tion, the reporting requirements imposed by any
16 order issued under section 5326, or the record keep-
17 ing requirements imposed by any regulation pre-
18 scribed under section 21 of the Federal Deposit In-
19 surance Act or section 123 of Public Law 91–508—
20 ”; and

21 (3) in paragraphs (1) and (2), by inserting “,
22 to file a report required by any order issued under
23 section 5326, or to maintain a record required pur-
24 suant to any regulation prescribed under section 21
25 of the Federal Deposit Insurance Act or section 123



1 of Public Law 91–508” after “regulation prescribed
2 under any such section” each place that term ap-
3 pears.

4 (d) INCREASE IN CIVIL PENALTIES FOR VIOLATION
5 OF CERTAIN RECORD KEEPING REQUIREMENTS.—

6 (1) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
7 tion 21(j)(1) of the Federal Deposit Insurance Act
8 (12 U.S.C. 1829b(j)(1)) is amended by striking
9 “\$10,000” and inserting “the greater of—

10 “(A) the amount (not to exceed \$100,000)
11 involved in the transaction (if any) with respect
12 to which the violation occurred; or

13 “(B) \$25,000”.

14 (2) PUBLIC LAW 91–508.—Section 125(a) of
15 Public Law 91–508 (12 U.S.C. 1955(a)) is amended
16 by striking “\$10,000” and inserting “the greater
17 of—

18 “(1) the amount (not to exceed \$100,000) in-
19 volved in the transaction (if any) with respect to
20 which the violation occurred; or

21 “(2) \$25,000”.

22 (e) CRIMINAL PENALTIES FOR VIOLATION OF CER-
23 TAIN RECORD KEEPING REQUIREMENTS.—



1 (1) SECTION 126.—Section 126 of Public Law
2 91–508 (12 U.S.C. 1956) is amended to read as fol-
3 lows:

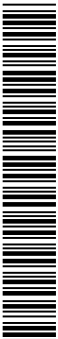
4 **“SEC. 126. CRIMINAL PENALTY.**

5 “A person that willfully violates this chapter, section
6 21 of the Federal Deposit Insurance Act, or a regulation
7 prescribed under this chapter or that section 21, shall be
8 fined not more than \$250,000, or imprisoned for not more
9 than 5 years, or both.”.

10 (2) SECTION 127.—Section 127 of Public Law
11 91–508 (12 U.S.C. 1957) is amended to read as fol-
12 lows:

13 **“SEC. 127. ADDITIONAL CRIMINAL PENALTY IN CERTAIN**
14 **CASES.**

15 “A person that willfully violates this chapter, section
16 21 of the Federal Deposit Insurance Act, or a regulation
17 prescribed under this chapter or that section 21, while vio-
18 lating another law of the United States or as part of a
19 pattern of any illegal activity involving more than
20 \$100,000 in a 12-month period, shall be fined not more
21 than \$500,000, imprisoned for not more than 10 years,
22 or both.”.



1 **SEC. 110. EXCLUSION OF ALIENS INVOLVED IN MONEY**
2 **LAUNDERING.**

3 (a) IN GENERAL.—Section 212 of the Immigration
4 and Nationality Act, as amended (8 U.S.C. 1182), is
5 amended in subsection (a)(2)—

6 (1) by redesignating subparagraphs (D), (E),
7 (F), (G), and (H) as subparagraphs (E), (F), (G),
8 (H), and (I), respectively; and

9 (2) by inserting after subparagraph (C) the fol-
10 lowing new subparagraph (D):

11 “(D) MONEY LAUNDERING ACTIVITIES.—

12 “(i) IN GENERAL.—Any alien who the
13 consular officer or the Attorney General
14 knows or has reason to believe is or has
15 been engaged in activities which if engaged
16 in within the United States would con-
17 stitute a violation of the money laundering
18 provisions section 1956, 1957, or 1960 of
19 title 18, United States Code, or has know-
20 ingly assisted, abetted, or conspired or
21 colluded with others in any such illicit ac-
22 tivity is inadmissible.

23 “(ii) RELATED INDIVIDUALS.—Any
24 alien who the consular officer or the Attor-
25 ney General knows or has reason to believe
26 is the spouse, son, or daughter of an alien



1 inadmissible under clause (i), has, within
2 the previous 5 years, obtained any finan-
3 cial or other benefit from such illicit activ-
4 ity of that alien, and knew or reasonably
5 should have known that the financial or
6 other benefit was the product of such illicit
7 activity, is inadmissible, except that the
8 Attorney General may, in the full discre-
9 tion of the Attorney General, waive the ex-
10 clusion of the spouse, son, or daughter of
11 an alien under this clause if the Attorney
12 General determines that exceptional cir-
13 cumstances exist that justify such waiv-
14 er.”.

15 (b) CONFORMING AMENDMENT.—Section
16 212(h)(1)(A)(i) of the Immigration and Nationality Act,
17 as amended (8 U.S.C. 1182), is amended by striking
18 “(D)(i) or (D)(ii)” and inserting “(E)(i) or (E)(ii)”.

19 **SEC. 111. STANDING TO CONTEST FORFEITURE OF FUNDS**
20 **DEPOSITED INTO FOREIGN BANK THAT HAS A**
21 **CORRESPONDENT ACCOUNT IN THE UNITED**
22 **STATES.**

23 Section 981 of title 18, United States Code, is
24 amended by adding at the end the following new sub-
25 section:



1 “(k) CORRESPONDENT BANK ACCOUNTS.—

2 “(1) TREATMENT OF ACCOUNTS OF COR-
3 RESPONDENT BANK IN DOMESTIC FINANCIAL INSTI-
4 TUTIONS.—

5 “(A) IN GENERAL.—For the purpose of a
6 forfeiture under this section or under the Con-
7 trolled Substances Act, if funds are deposited
8 into a dollar-denominated bank account in a
9 foreign financial institution, and that foreign fi-
10 nancial institution has a correspondent account
11 with a financial institution in the United
12 States, the funds deposited into the foreign fi-
13 nancial institution (the respondent bank) shall
14 be deemed to have been deposited into the cor-
15 respondent account in the United States, and
16 any restraining order, seizure warrant, or arrest
17 warrant in rem regarding such funds may be
18 served on the correspondent bank, and funds in
19 the correspondent account up to the value of
20 the funds deposited into the dollar-denominated
21 account in the foreign financial institution may
22 be seized, arrested or restrained.

23 “(B) AUTHORITY TO SUSPEND.—The At-
24 torney General, in consultation with the Sec-
25 retary, may suspend or terminate a forfeiture



1 under this section if the Attorney General de-
2 termines that a conflict of law exists between
3 the laws of the jurisdiction in which the foreign
4 bank is located and the laws of the United
5 States with respect to liabilities arising from
6 the restraint, seizure, or arrest of such funds,
7 and that such suspension or termination would
8 be in the interest of justice and would not harm
9 the national interests of the United States.

10 “(2) NO REQUIREMENT FOR GOVERNMENT TO
11 TRACE FUNDS.—If a forfeiture action is brought
12 against funds that are restrained, seized, or arrested
13 under paragraph (1), the Government shall not be
14 required to establish that such funds are directly
15 traceable to the funds that were deposited into the
16 respondent bank, nor shall it be necessary for the
17 Government to rely on the application of Section
18 984 of this title.

19 “(3) CLAIMS BROUGHT BY OWNER OF THE
20 FUNDS.—If a forfeiture action is instituted against
21 funds seized, arrested, or restrained under para-
22 graph (1), the owner of the funds may contest the
23 forfeiture by filing a claim pursuant to section 983.

24 “(4) DEFINITIONS.—For purposes of this sub-
25 section, the following definitions shall apply:



1 “(A) CORRESPONDENT ACCOUNT.—The
2 term ‘correspondent account’ has the meaning
3 given to the term ‘interbank account’ in section
4 984(c)(2)(B).

5 “(B) OWNER.—

6 “(i) IN GENERAL.—Except as pro-
7 vided in clause (ii), the term ‘owner’—

8 “(I) means the person who was
9 the owner, as that term is defined in
10 section 983(d)(6), of the funds that
11 were deposited into the foreign bank
12 at the time such funds were deposited;
13 and

14 “(II) does not include either the
15 foreign bank or any financial institu-
16 tion acting as an intermediary in the
17 transfer of the funds into the inter-
18 bank account.

19 “(ii) EXCEPTION.—The foreign bank
20 may be considered the ‘owner’ of the funds
21 (and no other person shall qualify as the
22 owner of such funds) only if—

23 “(I) the basis for the forfeiture
24 action is wrongdoing committed by
25 the foreign bank; or



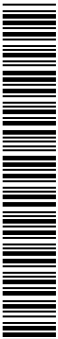
1 “(II) the foreign bank estab-
2 lishes, by a preponderance of the evi-
3 dence, that prior to the restraint, sei-
4 zure, or arrest of the funds, the for-
5 eign bank had discharged all or part
6 of its obligation to the prior owner of
7 the funds, in which case the foreign
8 bank shall be deemed the owner of the
9 funds to the extent of such discharged
10 obligation.”.

11 **SEC. 112. SUBPOENAS FOR RECORDS REGARDING FUNDS**
12 **IN CORRESPONDENT BANK ACCOUNTS.**

13 (a) IN GENERAL.—Subchapter II of chapter 53 of
14 title 31, United States Code, is amended by inserting after
15 section 5331 (as added by section 101) the following new
16 section:

17 **“§ 5332. Subpoenas for records**

18 “(a) DESIGNATION BY FOREIGN FINANCIAL INSTI-
19 TUTION OF AGENT.—Any foreign financial institution that
20 has a correspondent bank account at a financial institu-
21 tion in the United States shall designate a person residing
22 in the United States as a person authorized to accept a
23 subpoena for bank records or other legal process served
24 on the foreign financial institution.



1 “(b) MAINTENANCE OF RECORDS BY DOMESTIC FI-
2 NANCIAL INSTITUTION.—

3 “(1) IN GENERAL.—Any domestic financial in-
4 stitution that maintains a correspondent bank ac-
5 count for a foreign financial institution shall main-
6 tain records regarding the names and addresses of
7 the owners of the foreign financial institution, and
8 the name and address of the person who may be
9 served with a subpoena for records regarding any
10 funds transferred to or from the correspondent ac-
11 count.

12 “(2) PROVISION TO LAW ENFORCEMENT AGEN-
13 CY.—A domestic financial institution shall provide
14 names and addresses maintained under paragraph
15 (1) to a Government authority (as defined in section
16 1101(3) of the Right to Financial Privacy Act of
17 1978) within 7 days of the receipt of a request, in
18 writing, for such records.

19 “(c) ADMINISTRATIVE SUBPOENA.—

20 “(1) IN GENERAL.—The Attorney General and
21 the Secretary of the Treasury may each issue an ad-
22 ministrative subpoena for records relating to the de-
23 posit of any funds into a dollar-denominated account
24 in a foreign financial institution that maintains a



1 correspondent account at a domestic financial insti-
2 tution.

3 “(2) MANNER OF ISSUANCE.—Any subpoena
4 issued by the Attorney General or the Secretary of
5 the Treasury under paragraph (1) shall be issued in
6 the manner described in section 3486 of title 18,
7 and may be served on the representative designated
8 by the foreign financial institution pursuant to sub-
9 section (a) to accept legal process in the United
10 States, or in a foreign country pursuant to any mu-
11 tual legal assistance treaty, multilateral agreement,
12 or other request for international law enforcement
13 assistance.

14 “(d) CORRESPONDENT ACCOUNT DEFINED.—For
15 purposes of this section, the term ‘correspondent account’
16 has the same meaning as the term ‘interbank account’ as
17 such term is defined in section 984(c)(2)(B) of title 18,
18 United States Code.”.

19 (b) CLERICAL AMENDMENTS.—The table of sections
20 for subchapter II of chapter 53 of title 31, United States
21 Code, is amended by inserting after the item relating to
22 section 5331 (as added by section 101) the following new
23 item:

 “5332. Subpoenas for records.”.

24 (c) EFFECTIVE DATE.—Section 5332(a) of title 31,
25 United States Code, (as added by subsection (a) of this



1 section shall apply after the end of the 30-day period be-
2 ginning on the date of the enactment of this Act.

3 (d) REQUESTS FOR RECORDS.—Section
4 3486(a)(1)(A)(i) of title 18, United States Code, is
5 amended by striking “; or (II) a Federal offense involving
6 the sexual exploitation or abuse of children,” and inserting
7 “, (II) a Federal offense involving the sexual exploitation
8 or abuse of children, or (III) a money laundering offense
9 in violation of section 1956, 1957 or 1960 of this title,”.

10 **SEC. 113. AUTHORITY TO ORDER CONVICTED CRIMINAL TO**
11 **RETURN PROPERTY LOCATED ABROAD.**

12 (a) FORFEITURE OF SUBSTITUTE PROPERTY.—Sec-
13 tion 413(p) of the Controlled Substances Act (21 U.S.C.
14 853) is amended to read as follows:

15 “(p) FORFEITURE OF SUBSTITUTE PROPERTY.—

16 “(1) IN GENERAL.—Paragraph (2) of this sub-
17 section shall apply, if any property described in sub-
18 section (a), as a result of any act or omission of the
19 defendant—

20 “(A) cannot be located upon the exercise of
21 due diligence;

22 “(B) has been transferred or sold to, or
23 deposited with, a third party;

24 “(C) has been placed beyond the jurisdic-
25 tion of the court;



1 “(D) has been substantially diminished in
2 value; or

3 “(E) has been commingled with other
4 property which cannot be divided without dif-
5 ficulty.

6 “(2) SUBSTITUTE PROPERTY.—In any case de-
7 scribed in any of subparagraphs (A) through (E) of
8 paragraph (1), the court shall order the forfeiture of
9 any other property of the defendant, up to the value
10 of any property described in subparagraphs (A)
11 through (E) of paragraph (1), as applicable.

12 “(3) RETURN OF PROPERTY TO JURISDIC-
13 TION.—In the case of property described in para-
14 graph (1)(C), the court may, in addition to any
15 other action authorized by this subsection, order the
16 defendant to return the property to the jurisdiction
17 of the court so that the property may be seized and
18 forfeited.”.

19 (b) PROTECTIVE ORDERS.—Section 413(e) of the
20 Controlled Substances Act (21 U.S.C. 853(e)) is amended
21 by adding at the end the following:

22 “(4) ORDER TO REPATRIATE AND DEPOSIT.—

23 “(A) IN GENERAL.—Pursuant to its authority
24 to enter a pretrial restraining order under this sec-
25 tion, the court may order a defendant to repatriate



1 any property that may be seized and forfeited, and
2 to deposit that property pending trial in the registry
3 of the court, or with the United States Marshals
4 Service or the Secretary of the Treasury, in an in-
5 terest-bearing account, if appropriate.

6 “(B) FAILURE TO COMPLY.—Failure to comply
7 with an order under this subsection, or an order to
8 repatriate property under subsection (p), shall be
9 punishable as a civil or criminal contempt of court,
10 and may also result in an enhancement of the sen-
11 tence of the defendant under the obstruction of jus-
12 tice provision of the Federal Sentencing Guide-
13 lines.”.

14 **SEC. 114. CORPORATION REPRESENTED BY A FUGITIVE.**

15 Section 2466 of title 28, United States Code, is
16 amended by designating the present matter as subsection
17 (a), and adding at the end the following:

18 “(b) Subsection (a) may be applied to a claim filed
19 by a corporation if any majority shareholder, or individual
20 filing the claim on behalf of the corporation is a person
21 to whom subsection (a) applies.”.

22 **SEC. 115. ENFORCEMENT OF FOREIGN JUDGMENTS.**

23 Section 2467 of title 28, United States Code, is
24 amended—



1 (1) in subsection (d), by inserting after para-
2 graph (2) the following new paragraph:

3 “(3) PRESERVATION OF PROPERTY.—To pre-
4 serve the availability of property subject to a foreign
5 forfeiture or confiscation judgment, the Government
6 may apply for, and the court may issue, a restrain-
7 ing order pursuant to section 983(j) of title 18,
8 United States Code, at any time before or after an
9 application is filed pursuant to subsection (c)(1).
10 The court, in issuing the restraining order—

11 “(A) may rely on information set forth in
12 an affidavit describing the nature of the pro-
13 ceeding or investigation underway in the foreign
14 country, and setting forth a reasonable basis to
15 believe that the property to be restrained will be
16 named in a judgment of forfeiture at the con-
17 clusion of such proceeding; or

18 “(B) may register and enforce a restrain-
19 ing order that has been issued by a court of
20 competent jurisdiction in the foreign country
21 and certified by the Attorney General pursuant
22 to subsection (b)(2).

23 No person may object to the restraining order on
24 any ground that is the subject of parallel litigation



1 involving the same property that is pending in a for-
2 eign court.”;

3 (2) in subsection (b)(1)(C), by striking “estab-
4 lishing that the defendant received notice of the pro-
5 ceedings in sufficient time to enable the defendant”
6 and inserting “establishing that the foreign nation
7 took steps, in accordance with the principles of due
8 process, to give notice of the proceedings to all per-
9 sons with an interest in the property in sufficient
10 time to enable such persons”;

11 (3) in subsection (d)(1)(D), by striking “the de-
12 fendant in the proceedings in the foreign court did
13 not receive notice” and inserting “the foreign nation
14 did not take steps, in accordance with the principles
15 of due process, to give notice of the proceedings to
16 a person with an interest in the property”; and

17 (4) in subsection (a)(2)(A), by inserting “, any
18 violation of foreign law that would constitute a viola-
19 tion of an offense for which property could be for-
20 feited under Federal law if the offense were com-
21 mitted in the United States” after “United Nations
22 Convention”.



1 **SEC. 116. REPORTING PROVISIONS AND ANTI-TERRORIST**
2 **ACTIVITIES OF UNITED STATES INTEL-**
3 **LIGENCE AGENCIES.**

4 (a) AMENDMENT RELATING TO THE PURPOSES OF
5 CHAPTER 53 OF TITLE 31, UNITED STATES CODE.—Sec-
6 tion 5311 of title 31, United States Code, is amended by
7 inserting before the period at the end the following: “, or
8 in the conduct of intelligence or counterintelligence activi-
9 ties, including analysis, to protect against international
10 terrorism”.

11 (b) AMENDMENT RELATING TO REPORTING OF SUS-
12 PICIOUS ACTIVITIES.—Section 5318(g)(4)(B) of title 31,
13 United States Code, is amended by striking “or super-
14 visory agency” and inserting “, supervisory agency, or
15 United States intelligence agency for use in the conduct
16 of intelligence or counterintelligence activities, including
17 analysis, to protect against international terrorism”.

18 (c) AMENDMENT RELATING TO AVAILABILITY OF
19 REPORTS.—Section 5319 of title 31, United States Code,
20 is amended to read as follows:

21 **“§ 5319. Availability of reports**

22 “The Secretary of the Treasury shall make informa-
23 tion in a report filed under this subchapter available to
24 an agency, including any State financial institutions su-
25 pervisory agency, United States intelligence agency or self-
26 regulatory organization registered with the Securities and



1 Exchange Commission or the Commodity Futures Trading
2 Commission, upon request of the head of the agency or
3 organization. The report shall be available for a purpose
4 that is consistent with this subchapter. The Secretary may
5 only require reports on the use of such information by any
6 State financial institutions supervisory agency for other
7 than supervisory purposes or by United States intelligence
8 agencies. However, a report and records of reports are ex-
9 empt from disclosure under section 552 of title 5.”.

10 (d) AMENDMENT RELATING TO THE RETENTION OF
11 RECORDS BY INSURED DEPOSITORY INSTITUTIONS.—
12 Section 21(a) of the Federal Deposit Insurance Act (12
13 U.S.C. 1829b(a)) is amended—

14 (1) in paragraph (1), by inserting “, or in the
15 conduct of intelligence or counterintelligence activi-
16 ties, including analysis, to protect against inter-
17 national terrorism” after “proceedings”; and

18 (2) in paragraph (2), by inserting “, or in the
19 conduct of intelligence or counterintelligence activi-
20 ties, including analysis, to protect against inter-
21 national terrorism” before the period at the end.

22 (e) AMENDMENT RELATING TO THE RETENTION OF
23 RECORDS BY UNINSURED INSTITUTIONS.—Section 123(a)
24 of Public Law 91–508 (12 U.S.C. 1953(a)) is amended
25 by inserting “, or in the conduct of intelligence or counter-



1 intelligence activities, including analysis, to protect
2 against international terrorism” after “proceedings”.

3 (f) AMENDMENTS TO THE RIGHT TO FINANCIAL PRI-
4 VACY ACT.—The Right to Financial Privacy Act of 1978
5 is amended—

6 (1) in section 1112(a) (12 U.S.C. 3412(a)), by
7 inserting “, or intelligence or counterintelligence ac-
8 tivity, investigation or analysis related to inter-
9 national terrorism” after “legitimate law enforce-
10 ment inquiry”;

11 (2) in section 1114(a)(1) (12 U.S.C.
12 3414(a)(1))—

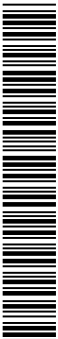
13 (A) in subparagraph (A), by striking “or”
14 at the end;

15 (B) in subparagraph (B), by striking the
16 period at the end and inserting “; or”; and

17 (C) by adding at the end the following:

18 “(C) a Government authority authorized to
19 conduct investigations of, or intelligence or
20 counterintelligence analyses related to, inter-
21 national terrorism for the purpose of con-
22 ducting such investigations or analyses.”; and

23 (3) in section 1120(a)(2) (12 U.S.C.
24 3420(a)(2)), by inserting “, or for a purpose author-



1 ized by section 1112(a)” before the semicolon at the
2 end.

3 (g) AMENDMENT TO THE FAIR CREDIT REPORTING
4 ACT.—

5 (1) IN GENERAL.—The Fair Credit Reporting
6 Act (15 U.S.C. 1681 et seq.) is amended—

7 (A) by redesignating the second of the 2
8 sections designated as section 624 (15 U.S.C.
9 1681u) (relating to disclosure to FBI for coun-
10 terintelligence purposes) as section 625; and

11 (B) by adding at the end the following new
12 section:

13 **“§ 626. Disclosures to governmental agencies for**
14 **counterterrorism purposes**

15 “(a) DISCLOSURE.—Notwithstanding section 604 or
16 any other provision of this title, a consumer reporting
17 agency shall furnish a consumer report of a consumer and
18 all other information in a consumer’s file to a government
19 agency authorized to conduct investigations of, or intel-
20 ligence or counterintelligence activities or analysis related
21 to, international terrorism when presented with a written
22 certification by such government agency that such infor-
23 mation is necessary for the agency’s conduct or such inves-
24 tigation, activity or analysis.



1 “(b) FORM OF CERTIFICATION.—The certification
2 described in subsection (a) shall be signed by a supervisory
3 official designated by the head of a Federal agency or an
4 officer of a Federal agency whose appointment to office
5 is required to be made by the President, by and with the
6 advice and consent of the Senate.

7 “(c) CONFIDENTIALITY.—No consumer reporting
8 agency, or officer, employee, or agent of such consumer
9 reporting agency, shall disclose to any person, or specify
10 in any consumer report, that a government agency has
11 sought or obtained access to information under subsection
12 (a).

13 “(d) RULE OF CONSTRUCTION.—Nothing in section
14 625 shall be construed to limit the authority of the Direc-
15 tor of the Federal Bureau of Investigation under this sec-
16 tion.

17 “(e) SAFE HARBOR.—Notwithstanding any other
18 provision of this subchapter, any consumer reporting
19 agency or agent or employee thereof making disclosure of
20 consumer reports or other information pursuant to this
21 section in good-faith reliance upon a certification of a gov-
22 ernmental agency pursuant to the provisions of this sec-
23 tion shall not be liable to any person for such disclosure
24 under this subchapter, the constitution of any State, or



1 any law or regulation of any State or any political subdivi-
2 sion of any State.”.

3 (2) CLERICAL AMENDMENTS.—The table of sec-
4 tions for the Fair Credit Reporting Act (15 U.S.C.
5 1681 et seq.) is amended—

6 (A) by redesignating the second of the 2
7 items designated as section 624 as section 625;
8 and

9 (B) by inserting after the item relating to
10 section 625 (as so redesignated) the following
11 new item:

“626. Disclosures to governmental agencies for counterterrorism purposes.”.

12 (h) APPLICATION OF AMENDMENTS.—The amend-
13 ments made by this section shall apply with respect to re-
14 ports filed or records maintained on, before, or after the
15 date of the enactment of this Act.

16 **SEC. 117. FINANCIAL CRIMES ENFORCEMENT NETWORK.**

17 (a) IN GENERAL.—Subchapter I of chapter 3 of title
18 31, United States Code, is amended—

19 (1) by redesignating section 310 as section 311;
20 and

21 (2) by inserting after section 309 the following
22 new section:

23 **“§ 310. Financial Crimes Enforcement Network**

24 “(a) IN GENERAL.—The Financial Crimes Enforce-
25 ment Network established by order of the Secretary of the



1 Treasury (Treasury Order Numbered 105-08) on April
2 25, 1990, shall be a bureau in the Department of the
3 Treasury.

4 “(b) DIRECTOR.—

5 “(1) APPOINTMENT.—The head of the Finan-
6 cial Crimes Enforcement Network shall be the Di-
7 rector who shall be appointed by the Secretary of the
8 Treasury.

9 “(2) DUTIES AND POWERS.—The duties and
10 powers of the Director are as follows:

11 “(A) Advise and make recommendations
12 on matters relating to financial intelligence, fi-
13 nancial criminal activities, and other financial
14 activities to the Under Secretary for Enforce-
15 ment.

16 “(B) Maintain a government-wide data ac-
17 cess service, with access, in accordance with ap-
18 plicable legal requirements, to the following:

19 “(i) Information collected by the De-
20 partment of the Treasury, including report
21 information filed under subchapters II and
22 III of chapter 53 of this title (such as re-
23 ports on cash transactions, foreign finan-
24 cial agency transactions and relationships,
25 foreign currency transactions, exporting



1 and importing monetary instruments, and
2 suspicious activities), chapter 2 of title I of
3 Public Law 91–508, and section 21 of the
4 Federal Deposit Insurance Act.

5 “(ii) Information regarding national
6 and international currency flows.

7 “(iii) Other records and data main-
8 tained by other Federal, State, local, and
9 foreign agencies, including financial and
10 other records developed in specific cases.

11 “(iv) Other privately and publicly
12 available information.

13 “(C) Analyze and disseminate the available
14 data in accordance with applicable legal require-
15 ments and policies and guidelines established by
16 the Secretary of the Treasury and the Under
17 Secretary for Enforcement to—

18 “(i) identify possible criminal activity
19 to appropriate Federal, State, local, and
20 foreign law enforcement agencies;

21 “(ii) support ongoing criminal finan-
22 cial investigations and prosecutions and re-
23 lated proceedings, including civil and crimi-
24 nal tax and forfeiture proceedings;



1 “(iii) identify possible instances of
2 noncompliance with subchapters II and III
3 of chapter 53 of this title, chapter 2 of
4 title I of Public Law 91–508, and section
5 21 of the Federal Deposit Insurance Act to
6 Federal agencies with statutory responsi-
7 bility for enforcing compliance with such
8 provisions and other appropriate Federal
9 regulatory agencies;

10 “(iv) evaluate and recommend possible
11 uses of special currency reporting require-
12 ments under section 5326;

13 “(v) determine emerging trends and
14 methods in money laundering and other fi-
15 nancial crimes;

16 “(vi) support the conduct of intel-
17 ligence or counterintelligence activities, in-
18 cluding analysis, to protect against inter-
19 national terrorism; and

20 “(vii) support government initiatives
21 against money laundering.

22 “(D) Establish and maintain a financial
23 crimes communications center to furnish law
24 enforcement authorities with intelligence infor-



1 mation related to emerging or ongoing inves-
2 tigations and undercover operations.

3 “(E) Furnish research, analytical, and in-
4 formational services to financial institutions,
5 appropriate Federal regulatory agencies with
6 regard to financial institutions, and appropriate
7 Federal, State, local, and foreign law enforce-
8 ment authorities, in accordance with policies
9 and guidelines established by the Secretary of
10 the Treasury or the Under Secretary of the
11 Treasury for Enforcement, in the interest of de-
12 tection, prevention, and prosecution of ter-
13 rorism, organized crime, money laundering, and
14 other financial crimes.

15 “(F) Establish and maintain a special unit
16 dedicated to assisting Federal, State, local, and
17 foreign law enforcement and regulatory authori-
18 ties in combatting the use of informal, nonbank
19 networks and payment and barter system mech-
20 anisms that permit the transfer of funds or the
21 equivalent of funds without records and without
22 compliance with criminal and tax laws.

23 “(G) Provide computer and data support
24 and data analysis to the Secretary of the Treas-
25 ury for tracking and controlling foreign assets.



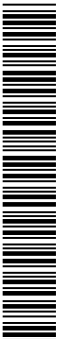
1 “(H) Coordinate with financial intelligence
2 units in other countries on anti-terrorism and
3 anti-money laundering initiatives, and similar
4 efforts.

5 “(I) Administer the requirements of sub-
6 chapters II and III of chapter 53 of this title,
7 chapter 2 of title I of Public Law 91–508, and
8 section 21 of the Federal Deposit Insurance
9 Act, to the extent delegated such authority by
10 the Secretary of the Treasury.

11 “(J) Such other duties and powers as the
12 Secretary of the Treasury may delegate or pre-
13 scribe.

14 “(c) REQUIREMENTS RELATING TO MAINTENANCE
15 AND USE OF DATA BANKS.—The Secretary of the Treas-
16 ury shall establish and maintain operating procedures with
17 respect to the government-wide data access service and the
18 financial crimes communications center maintained by the
19 Financial Crimes Enforcement Network which provide—

20 “(1) for the coordinated and efficient trans-
21 mittal of information to, entry of information into,
22 and withdrawal of information from, the data main-
23 tenance system maintained by the Network,
24 including—



1 “(A) the submission of reports through the
2 Internet or other secure network, whenever pos-
3 sible;

4 “(B) the cataloguing of information in a
5 manner that facilitates rapid retrieval by law
6 enforcement personnel of meaningful data; and

7 “(C) a procedure that provides for a
8 prompt initial review of suspicious activity re-
9 ports and other reports, or such other means as
10 the Secretary may provide, to identify informa-
11 tion that warrants immediate action; and

12 “(2) in accordance with section 552a of title 5
13 and the Right to Financial Privacy Act of 1978, ap-
14 propriate standards and guidelines for
15 determining—

16 “(A) who is to be given access to the infor-
17 mation maintained by the Network;

18 “(B) what limits are to be imposed on the
19 use of such information; and

20 “(C) how information about activities or
21 relationships which involve or are closely associ-
22 ated with the exercise of constitutional rights is
23 to be screened out of the data maintenance sys-
24 tem.



1 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated for the Financial Crimes
3 Enforcement Network such sums as may be necessary for
4 fiscal years 2002, 2003, 2004, and 2005.”.

5 (b) COMPLIANCE WITH EXISTING REPORTS COMPLI-
6 ANCE.—The Secretary of the Treasury shall study meth-
7 ods for improving compliance with the reporting require-
8 ments established in section 5314 of title 31, United
9 States Code, and shall submit a report on such study to
10 the Congress by the end of the 6-month period beginning
11 on the date of the enactment of this Act and each 1-year
12 period thereafter. The initial report shall include historical
13 data on compliance with such reporting requirements.

14 (c) CLERICAL AMENDMENT.—The table of sections
15 for subchapter I of chapter 3 of title 31, United States
16 Code, is amended—

17 (1) by redesignating the item relating to section
18 310 as section 311; and

19 (2) by inserting after the item relating to sec-
20 tion 309 the following new item:

“310. Financial Crimes Enforcement Network”.



1 **SEC. 118. PROHIBITION ON FALSE STATEMENTS TO FINAN-**
2 **CIAL INSTITUTIONS CONCERNING THE IDEN-**
3 **TITY OF A CUSTOMER.**

4 (a) IN GENERAL.—Chapter 47 of title 18, United
5 States Code, is amended by inserting after section 1007
6 the following:

7 **“§ 1008. False statements concerning the identity of**
8 **customers of financial institutions**

9 “(a) IN GENERAL.—Whoever, in connection with in-
10 formation submitted to or requested by a financial institu-
11 tion, knowingly in any manner—

12 “(1) falsifies, conceals, or covers up, or at-
13 tempts to falsify, conceal, or cover up, the identity
14 of any person in connection with any transaction
15 with a financial institution;

16 “(2) makes, or attempts to make, any materi-
17 ally false, fraudulent, or fictitious statement or rep-
18 resentation of the identity of any person in connec-
19 tion with a transaction with a financial institution;

20 “(3) makes or uses, or attempts to make or
21 use, any false writing or document knowing the
22 same to contain any materially false, fictitious, or
23 fraudulent statement or entry concerning the iden-
24 tity of any person in connection with a transaction
25 with a financial institution; or



1 “(4) uses or presents, or attempts to use or
2 present, in connection with a transaction with a fi-
3 nancial institution, an identification document or
4 means of identification the possession of which is a
5 violation of section 1028;

6 shall be fined under this title, imprisoned not more than
7 5 years, or both.

8 “(b) DEFINITIONS.—In this section, the following
9 definitions shall apply:

10 “(1) FINANCIAL INSTITUTION.—The term ‘fi-
11 nancial institution’—

12 “(A) has the same meaning as in section
13 20; and

14 “(B) in addition, has the same meaning as
15 in section 5312(a)(2) of title 31, United States
16 Code.

17 “(2) IDENTIFICATION DOCUMENT.—The term
18 ‘identification document’ has the same meaning as
19 in section 1028(d).

20 “(3) MEANS OF IDENTIFICATION.—The term
21 ‘means of identification’ has the same meaning as in
22 section 1028(d).”.

23 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

24 (1) TITLE 18, UNITED STATES CODE.—Section
25 1956(c)(7)(D) of title 18, United States Code, is



1 amended by striking “1014 (relating to fraudulent
2 loan” and inserting “section 1008 (relating to false
3 statements concerning the identity of customers of
4 financial institutions), section 1014 (relating to
5 fraudulent loan”.

6 (2) TABLE OF SECTIONS.—The table of sections
7 for chapter 47 of title 18, United States Code, is
8 amended by inserting after the item relating to sec-
9 tion 1007 the following:

“1008. False statements concerning the identity of customers of financial insti-
tutions.”.

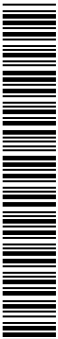
10 **SEC. 119. VERIFICATION OF IDENTIFICATION.**

11 (a) IN GENERAL.—Section 5318 of title 31, United
12 States Code, is amended by adding at the end the fol-
13 lowing new subsection:

14 “(i) IDENTIFICATION AND VERIFICATION OF
15 ACCOUNTHOLDERS.—

16 “(1) IN GENERAL.—Subject to the require-
17 ments of this subsection, the Secretary of the Treas-
18 ury shall prescribe regulations setting forth the min-
19 imum standards regarding customer identification
20 that shall apply in connection with the opening of an
21 account at a financial institution.

22 “(2) MINIMUM REQUIREMENTS.—The regula-
23 tions shall, at a minimum, require financial institu-
24 tions to implement procedures for—



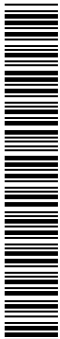
1 “(A) verifying the identity of any person
2 seeking to open an account to the extent rea-
3 sonable and practicable;

4 “(B) maintaining records of the informa-
5 tion used to verify a person’s identity, including
6 name, address, and other identifying informa-
7 tion;

8 “(C) consulting lists of known or suspected
9 terrorists or terrorist organizations provided to
10 the financial institution by any government
11 agency to determine whether a person seeking
12 to open an account appears on any such list.

13 “(3) FACTORS TO BE CONSIDERED.—In pre-
14 scribing regulations under this subsection, the Sec-
15 retary shall take into consideration the various types
16 of accounts maintained by various types of financial
17 institutions, the various methods of opening ac-
18 counts, and the various types of identifying informa-
19 tion available.

20 “(4) CERTAIN FINANCIAL INSTITUTIONS.—In
21 the case of any financial institution the business of
22 which is engaging in financial activities described in
23 section 4(k) of the Bank Holding Company Act of
24 1956 (including financial activities subject to the ju-
25 risdiction of the Commodity Futures Trading Com-



1 mission), the regulations prescribed by the Secretary
2 under paragraph (1) shall be prescribed jointly with
3 each Federal functional regulator (as defined in sec-
4 tion 509 of the Gramm-Leach-Bliley Act, including
5 the Commodity Futures Trading Commission) ap-
6 propriate for such financial institution.

7 “(5) EXEMPTIONS.—The Secretary of the
8 Treasury (and, in the case of any financial institu-
9 tion described in paragraph (4), any Federal agency
10 described in such paragraph) may, by regulation or
11 order, exempt any financial institution or type of ac-
12 count from the requirements of any regulation pre-
13 scribed under this subsection in accordance with
14 such standards and procedures as the Secretary may
15 prescribe.

16 “(6) EFFECTIVE DATE.—Final regulations pre-
17 scribed under this subsection shall take effect before
18 the end of the 1-year period beginning on the date
19 of the enactment of the Financial Anti-Terrorism
20 Act of 2001.”.

21 (b) STUDY AND REPORT REQUIRED.—Within 6
22 months after the date of the enactment of this Act, the
23 Secretary of the Treasury, in consultation with the Fed-
24 eral functional regulators (as defined in section 509 of the
25 Gramm-Leach-Bliley Act) and other appropriate Govern-



1 ment agencies, shall submit a report to the Congress con-
2 taining recommendations for—

3 (1) determining the most timely and effective
4 way to require foreign nationals to provide domestic
5 financial institutions and agencies with appropriate
6 and accurate information, comparable to that which
7 is required of United States nationals, concerning
8 their identity, address, and other related information
9 necessary to enable such institutions and agencies to
10 comply with the requirements of this section;

11 (2) requiring foreign nationals to apply for and
12 obtain, before opening an account with a domestic
13 financial institution, an identification number which
14 would function similarly to a Social Security number
15 or tax identification number; and

16 (3) establishing a system for domestic financial
17 institutions and agencies to review information
18 maintained by relevant Government agencies for
19 purposes of verifying the identities of foreign nation-
20 als seeking to open accounts at those institutions
21 and agencies.

22 **SEC. 120. CONSIDERATION OF ANTI-MONEY LAUNDERING**
23 **RECORD.**

24 (a) BANK HOLDING COMPANY ACT OF 1956.—



1 (1) IN GENERAL.—Section 3(c) of the Bank
2 Holding Company Act of 1956 (12 U.S.C. 1842(c))
3 is amended by adding at the end the following new
4 paragraph:

5 “(6) MONEY LAUNDERING.—In every case the
6 Board shall take into consideration the effectiveness
7 of the company or companies in combatting and pre-
8 venting money laundering activities, including in
9 overseas branches.”.

10 (2) SCOPE OF APPLICATION.—The amendment made
11 by paragraph (1) shall apply with respect to any applica-
12 tion submitted to the Board of Governors of the Federal
13 Reserve System under section 3 of the Bank Holding
14 Company Act of 1956 after December 31, 2000, which
15 has not been approved by the Board before the date of
16 the enactment of this Act.

17 (b) MERGERS SUBJECT TO REVIEW UNDER FED-
18 ERAL DEPOSIT INSURANCE ACT.—

19 (1) IN GENERAL.—Section 18(c) of the Federal
20 Deposit Insurance Act (12 U.S.C. 1828(c)) is
21 amended—

22 (A) by redesignating paragraph (11) as
23 paragraph (12); and

24 (B) by inserting after paragraph (10), the
25 following new paragraph:



1 “(11) MONEY LAUNDERING.—In every case, the
2 responsible agency shall take into consideration the
3 effectiveness of any insured depository institution in-
4 volved in the proposed merger transaction in com-
5 batting and preventing money laundering activities,
6 including in overseas branches.”.

7 (2) SCOPE OF APPLICATION.—The amendment made
8 by paragraph (1) shall apply with respect to any applica-
9 tion submitted to the responsible agency under section
10 18(c) of the Federal Deposit Insurance Act after Decem-
11 ber 31, 2000, which has not been approved by all appro-
12 priate responsible agencies before the date of the enact-
13 ment of this Act.

14 **SEC. 121. REPORTING OF SUSPICIOUS ACTIVITIES BY IN-**
15 **FORMAL UNDERGROUND BANKING SYSTEMS,**
16 **SUCH AS HAWALAS.**

17 (a) DEFINITION FOR SUBCHAPTER.—Subparagraph
18 (R) of section 5312(a)(2) of title 31, United States Code,
19 is amended to read as follows:

20 “(R) a licensed sender of money or any
21 other person who engages as a business in the
22 transmission of funds, including through an in-
23 formal value transfer banking system or net-
24 work of people facilitating the transfer of value



1 domestically or internationally outside of the
2 conventional financial institutions system;”.

3 (b) MONEY TRANSMITTING BUSINESS.—Section
4 5330(d)(1)(A) of title 31, United States Code, is amended
5 by inserting before the semicolon the following: “or any
6 other person who engages as a business in the trans-
7 mission of funds, including through an informal value
8 transfer banking system or network of people facilitating
9 the transfer of value domestically or internationally out-
10 side of the conventional financial institutions system”.

11 (c) APPLICABILITY OF RULES.—Section 5318 of title
12 31, United States Code, as amended by this Act, is
13 amended by adding at the end the following:

14 “(l) APPLICABILITY OF RULES.—Any rules pre-
15 scribed pursuant to the authority contained in section 21
16 of the Federal Deposit Insurance Act shall apply, in addi-
17 tion to any other financial institution to which such rules
18 apply, to any person that engages as a business in the
19 transmission of funds, including through an informal
20 value transfer banking system or network of people facili-
21 tating the transfer of value domestically or internationally
22 outside of the conventional financial institutions system.”.

23 (d) REPORT.—Not later than 1 year after the date
24 of enactment of this Act, the Secretary of the Treasury



1 shall report to Congress on the need for any additional
2 legislation relating to—

3 (1) informal value transfer banking systems or
4 networks of people facilitating the transfer of value
5 domestically or internationally outside of the conven-
6 tional financial institutions system;

7 (2) anti-money laundering controls; and

8 (3) regulatory controls relating to underground
9 money movement and banking systems, such as the
10 system referred to as “hawala”, including whether
11 the threshold for the filing of suspicious activity re-
12 ports under section 5318(g) of title 31, United
13 States Code should be lowered in the case of such
14 systems.

15 **SEC. 122. UNIFORM PROTECTION AUTHORITY FOR FED-**
16 **ERAL RESERVE FACILITIES.**

17 Section 11 of the Federal Reserve Act (12 U.S.C.
18 248) is amended by adding at the end the following:

19 “(q) UNIFORM PROTECTION AUTHORITY FOR FED-
20 ERAL RESERVE FACILITIES.—

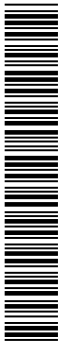
21 “(1) Notwithstanding any other provision of
22 law, to authorize personnel to act as law enforce-
23 ment officers to protect and safeguard the premises,
24 grounds, property, personnel, including members of
25 the Board, of the Board, or any Federal reserve



1 bank, and operations conducted by or on behalf of
2 the Board or a reserve bank.

3 “(2) The Board may, subject to the regulations
4 prescribed under paragraph (5), delegate authority
5 to a Federal reserve bank to authorize personnel to
6 act as law enforcement officers to protect and safe-
7 guard the bank’s premises, grounds, property, per-
8 sonnel, and operations conducted by or on behalf of
9 the bank.

10 “(3) Law enforcement officers designated or
11 authorized by the Board or a reserve bank under
12 paragraph (1) or (2) are authorized while on duty
13 to carry firearms and make arrests without warrants
14 for any offense against the United States committed
15 in their presence, or for any felony cognizable under
16 the laws of the United States committed or being
17 committed within the buildings and grounds of the
18 Board or a reserve bank if they have reasonable
19 grounds to believe that the person to be arrested has
20 committed or is committing such a felony. Such offi-
21 cers shall have access to law enforcement informa-
22 tion that may be necessary for the protection of the
23 property or personnel of the Board or a reserve
24 bank.



1 “(4) For purposes of this subsection, the term
2 ‘law enforcement officers’ means personnel who have
3 successfully completed law enforcement training and
4 are authorized to carry firearms and make arrests
5 pursuant to this subsection.

6 “(5) The law enforcement authorities provided
7 for in this subsection may be exercised only pursu-
8 ant to regulations prescribed by the Board and ap-
9 proved by the Attorney General.”.

10 **SEC. 123. REPORTS RELATING TO COINS AND CURRENCY**
11 **RECEIVED IN NONFINANCIAL TRADE OR**
12 **BUSINESS.**

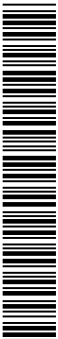
13 (a) REPORTS REQUIRED.—Subchapter II of chapter
14 53 of title 31, United States Code, is amended by inserting
15 after section 5332 (as added by section 112 of this title)
16 the following new section:

17 **“SEC. 5333. REPORTS RELATING TO COINS AND CURRENCY**
18 **RECEIVED IN NONFINANCIAL TRADE OR**
19 **BUSINESS.**

20 “(a) COIN AND CURRENCY RECEIPTS OF MORE
21 THAN \$10,000.—Any person—

22 “(1) who is engaged in a trade or business; and

23 “(2) who, in the course of such trade or busi-
24 ness, receives more than \$10,000 in coins or cur-



1 rency in 1 transaction (or 2 or more related trans-
2 actions),
3 shall file a report described in subsection (b) with respect
4 to such transaction (or related transactions) with the Fi-
5 nancial Crimes Enforcement Network at such time and
6 in such manner as the Secretary may, by regulation, pre-
7 scribe.

8 “(b) FORM AND MANNER OF REPORTS.—A report is
9 described in this subsection if such report—

10 “(1) is in such form as the Secretary may pre-
11 scribe;

12 “(2) contains—

13 “(A) the name and address, and such
14 other identification information as the Sec-
15 retary may require, of the person from whom
16 the coins or currency was received;

17 “(B) the amount of coins or currency re-
18 ceived;

19 “(C) the date and nature of the trans-
20 action; and

21 “(D) such other information, including the
22 identification of the person filing the report, as
23 the Secretary may prescribe.

24 “(c) EXCEPTIONS.—



1 “(1) AMOUNTS RECEIVED BY FINANCIAL INSTI-
2 TUTIONS.—Subsection (a) shall not apply to
3 amounts received in a transaction reported under
4 section 5313 and regulations prescribed under such
5 section.

6 “(2) TRANSACTIONS OCCURRING OUTSIDE THE
7 UNITED STATES.—Except to the extent provided in
8 regulations prescribed by the Secretary, subsection
9 (a) shall not apply to any transaction if the entire
10 transaction occurs outside the United States.

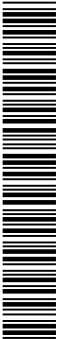
11 “(d) CURRENCY INCLUDES FOREIGN CURRENCY AND
12 CERTAIN MONETARY INSTRUMENTS.—

13 “(1) IN GENERAL.—For purposes of this sec-
14 tion, the term ‘currency’ includes—

15 “(A) foreign currency; and

16 “(B) to the extent provided in regulations
17 prescribed by the Secretary, any monetary in-
18 strument (whether or not in bearer form) with
19 a face amount of not more than \$10,000.

20 “(2) SCOPE OF APPLICATION.—Paragraph
21 (1)(B) shall not apply to any check drawn on the ac-
22 count of the writer in a financial institution referred
23 to in subparagraph (A), (B), (C), (D), (E), (F), (G),
24 (J), (K), (R), or (S) of section 5312(a)(2).”.



1 (b) PROHIBITION ON STRUCTURING TRANS-
2 ACTIONS.—

3 (1) IN GENERAL.—Section 5324 of title 31,
4 United States Code, is amended—

5 (A) by redesignating subsections (b) and
6 (c) as subsections (c) and (d), respectively; and

7 (B) by inserting after subsection (a) the
8 following new subsection:

9 “(b) DOMESTIC COIN AND CURRENCY TRANS-
10 ACTIONS INVOLVING NONFINANCIAL TRADES OR BUSI-
11 NESSES.—No person shall for the purpose of evading the
12 report requirements of section 5333 or any regulation pre-
13 scribed under such section—

14 “(1) cause or attempt to cause a nonfinancial
15 trade or business to fail to file a report required
16 under section 5333 or any regulation prescribed
17 under such section;

18 “(2) cause or attempt to cause a nonfinancial
19 trade or business to file a report required under sec-
20 tion 5333 or any regulation prescribed under such
21 section that contains a material omission or
22 misstatement of fact; or

23 “(3) structure or assist in structuring, or at-
24 tempt to structure or assist in structuring, any



1 transaction with 1 or more nonfinancial trades or
2 businesses.’.

3 (2) TECHNICAL AND CONFORMING AMEND-
4 MENTS.—

5 (A) The heading for subsection (a) of sec-
6 tion 5324 of title 31, United States Code, is
7 amended by inserting “INVOLVING FINANCIAL
8 INSTITUTIONS” after “TRANSACTIONS’.

9 (B) Section 5317(c) of title 31, United
10 States Code, is amended by striking “5324(b)”
11 and inserting “5324(c)”.

12 (c) DEFINITION OF NONFINANCIAL TRADE OR BUSI-
13 NESS.—

14 (1) IN GENERAL.—Section 5312(a) of title 31,
15 United States Code, is amended—

16 (A) by redesignating paragraphs (4) and
17 (5) as paragraphs (5) and (6), respectively; and

18 (B) by inserting after paragraph (3) the
19 following new paragraph:

20 “(4) NONFINANCIAL TRADE OR BUSINESS.—

21 The term ‘nonfinancial trade or business’ means any
22 trade or business other than a financial institution
23 that is subject to the reporting requirements of sec-
24 tion 5313 and regulations prescribed under such sec-
25 tion.”.



1 (2) TECHNICAL AND CONFORMING AMEND-
2 MENTS.—

3 (A) Section 5312(a)(3)(C) of title 31,
4 United States Code, is amended by striking
5 “section 5316,” and inserting “sections 5333
6 and 5316,”.

7 (B) Subsections (a) through (f) of section
8 5318 of title 31, United States Code, and sec-
9 tions 5321, 5326, and 5328 of such title are
10 each amended—

11 (i) by inserting “or nonfinancial trade
12 or business” after “financial institution”
13 each place such term appears; and

14 (ii) by inserting “or nonfinancial
15 trades or businesses” after “financial insti-
16 tutions” each place such term appears.

17 (C) Section 981(a)(1)(A) of title 18,
18 United States Code, is amended by striking
19 “5313(a) or 5324(a) of title 31,” and inserting
20 “5313(a) or 5333 of title 31, or subsection (a)
21 or (b) of section 5324 of such title,”.

22 (D) Section 982(a)(1) of title 18, United
23 States Code, is amended by inserting “5333,”
24 after “5313(a),”.



1 (c) CLERICAL AMENDMENT.—The tables of sections
2 for chapter 53 of title 31, United States Code, is amended
3 by inserting after the item relating to section 5332 (as
4 added by section 112 of this title) the following new item:

“5333. Reports relating to coins and currency received in nonfinancial trade or
business.”.

5 (f) REGULATIONS.—Regulations which the Secretary
6 of the Treasury determines are necessary to implement
7 this section shall be published in final form before the end
8 of the 6-month period beginning on the date of the enact-
9 ment of this Act.

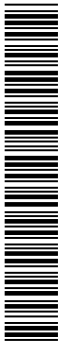
10 **TITLE II—PUBLIC-PRIVATE** 11 **COOPERATION**

12 **SEC. 201. ESTABLISHMENT OF HIGHLY SECURE NETWORK.**

13 (a) IN GENERAL.—The Secretary of the Treasury
14 shall establish a highly secure network in the Financial
15 Crimes Enforcement Network that—

16 (1) allows financial institutions to file reports
17 required under subchapter II or III of chapter 53 of
18 title 31, United States Code, chapter 2 of title I of
19 Public Law 91–508, or section 21 of the Federal
20 Deposit Insurance Act through the network; and

21 (2) provides financial institutions with alerts
22 and other information regarding suspicious activities
23 that warrant immediate and enhanced scrutiny.



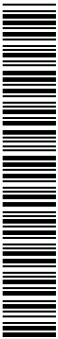
1 (b) EXPEDITED DEVELOPMENT.—The Secretary of
2 the Treasury shall take such action as may be necessary
3 to ensure that the website required under subsection (a)
4 is fully operational before the end of the 9-month period
5 beginning on the date of the enactment of this Act.

6 **SEC. 202. REPORT ON IMPROVEMENTS IN DATA ACCESS**
7 **AND OTHER ISSUES.**

8 Before the end of the 6-month period beginning on
9 the date of the enactment of this Act, the Secretary of
10 the Treasury, after consulting with appropriate Federal
11 functional regulators (as defined in section 509 of the
12 Gramm-Leach-Bliley Act), shall report to the Congress on
13 the following issues:

14 (1) DATA COLLECTION AND ANALYSIS.—
15 Progress made since such date of enactment in
16 meeting the requirements of section 310(c) of title
17 31, United States Code (as added by this Act).

18 (2) BARRIERS TO EXCHANGE OF FINANCIAL
19 CRIME INFORMATION.—Technical, legal, and other
20 barriers to the exchange of financial crime preven-
21 tion and detection information among and between
22 Federal law enforcement agencies, including an iden-
23 tification of all Federal law enforcement data sys-
24 tems between which or among which data cannot be
25 shared for whatever reason.



1 (3) PRIVATE BANKING.—Private banking activi-
2 ties in the United States, including information on
3 the following:

4 (A) The nature and extent of private bank-
5 ing activities in the United States.

6 (B) Regulatory efforts to monitor private
7 banking activities and ensure that such activi-
8 ties are conducted in compliance with sub-
9 chapter II of chapter 53 of title 31, United
10 States Code, and section 21 of the Federal De-
11 posit Insurance Act.

12 (C) With regard to financial institutions
13 that offer private banking services, the policies
14 and procedures of such institutions that are de-
15 signed to ensure compliance with the require-
16 ments of subchapter II of chapter 53 of title
17 31, United States Code, and section 21 of the
18 Federal Deposit Insurance Act with respect to
19 private banking activity.

20 **SEC. 203. REPORTS TO THE FINANCIAL SERVICES INDUS-**
21 **TRY ON SUSPICIOUS FINANCIAL ACTIVITIES.**

22 At least once each calendar quarter, the Secretary of
23 the Treasury shall—

24 (1) publish a report containing a detailed anal-
25 ysis identifying patterns of suspicious activity and



1 other investigative insights derived from suspicious
2 activity reports and investigations conducted by Fed-
3 eral, State, and local law enforcement agencies to
4 the extent appropriate; and

5 (2) distribute such report to financial institu-
6 tions (as defined in section 5312 of title 31, United
7 States Code).

8 **SEC. 204. EFFICIENT USE OF CURRENCY TRANSACTION RE-**
9 **PORT SYSTEM.**

10 (a) FINDINGS.—The Congress finds the following:

11 (1) The Congress established the currency
12 transaction reporting requirements in 1970 because
13 the Congress found then that such reports have a
14 high degree of usefulness in criminal, tax, and regu-
15 latory investigations and proceedings and the useful-
16 ness of such reports has only increased in the years
17 since the requirements were established.

18 (2) In 1994, in response to reports and testi-
19 mony that excess amounts of currency transaction
20 reports were interfering with effective law enforce-
21 ment, the Congress reformed the currency trans-
22 action report exemption requirements to provide—

23 (A) mandatory exemptions for certain re-
24 ports that had little usefulness for law enforce-
25 ment, such as cash transfers between depository



1 institutions and cash deposits from government
2 agencies; and

3 (B) discretionary authority for the Sec-
4 retary of the Treasury to provide exemptions,
5 subject to criteria and guidelines established by
6 the Secretary, for financial institutions with re-
7 gard to regular business customers that main-
8 tain accounts at an institution into which fre-
9 quent cash deposits are made.

10 (3) Today there is evidence that some financial
11 institutions are not utilizing the exemption system,
12 or are filing reports even if there is an exemption in
13 effect, with the result that the volume of currency
14 transaction reports is once again interfering with ef-
15 fective law enforcement.

16 (b) STUDY AND REPORT.—

17 (1) STUDY REQUIRED.—The Secretary of the
18 Treasury shall conduct a study of—

19 (A) the possible expansion of the statutory
20 exemption system in effect under 5313 of title
21 31, United States Code; and

22 (B) methods for improving financial insti-
23 tution utilization of the statutory exemption
24 provisions as a way of reducing the submission
25 of currency transaction reports that have little



1 or no value for law enforcement purposes, in-
2 cluding improvements in the systems in effect
3 at financial institutions for regular review of
4 the exemption procedures used at the institu-
5 tion and the training of personnel in its effec-
6 tive use.

7 (2) REPORT REQUIRED.—The Secretary of the
8 Treasury shall submit a report to the Congress be-
9 fore the end of the 90-day period beginning on the
10 date of the enactment of this Act containing the
11 findings and conclusions of the Secretary with re-
12 gard to the study required under subsection (a) and
13 such recommendations for legislative or administra-
14 tive action as the Secretary determines to be appro-
15 priate.

16 **SEC. 205. PUBLIC-PRIVATE TASK FORCE ON TERRORIST FI-**
17 **NANCING ISSUES.**

18 Section 1564 of the Annunzio—Wylie Anti-Money
19 Laundering Act (31 U.S.C. 5311 note) is amended by
20 adding at the end the following new subsection:

21 “(d) TERRORIST FINANCING ISSUES.—

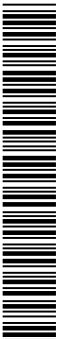
22 “(1) IN GENERAL.—The Secretary of the
23 Treasury shall provide, either within the Bank Se-
24 crecy Act Advisory Group, or as a subcommittee or
25 other adjunct of the Advisory Group, for a task



1 force of representatives from agencies and officers
2 represented on the Advisory Group, a representative
3 of the Director of the Office of Homeland Security,
4 and representatives of financial institutions, private
5 organizations that represent the financial services in-
6 dustry, and other interested parties to focus on—

7 “(A) issues specifically related to the fi-
8 nances of terrorist groups, the means terrorist
9 groups use to transfer funds around the world
10 and within the United States, including through
11 the use of charitable organizations, nonprofit
12 organizations, and nongovernmental organiza-
13 tions, and the extent to which financial institu-
14 tions in the United States are unwittingly in-
15 volved in such finances and the extent to which
16 such institutions are at risk as a result;

17 “(B) the relationship, particularly the fi-
18 nancial relationship, between international nar-
19 cotics traffickers and foreign terrorist organiza-
20 tions, the extent to which their memberships
21 overlap and engage in joint activities, and the
22 extent to which they cooperate with each other
23 in raising and transferring funds for their re-
24 spective purposes; and



1 “(C) means of facilitating the identification
2 of accounts and transactions involving terrorist
3 groups and facilitating the exchange of informa-
4 tion concerning such accounts and transactions
5 between financial institutions and law enforce-
6 ment organizations.

7 “(2) APPLICABILITY OF OTHER PROVISIONS.—
8 Sections 552, 552a, and 552b of title 5, United
9 States Code, and the Federal Advisory Committee
10 Act shall not apply to the task force established pur-
11 suant to paragraph (1).”.

12 **SEC. 206. SUSPICIOUS ACTIVITY REPORTING REQUIRE-**
13 **MENTS.**

14 (a) DEADLINE FOR SUSPICIOUS ACTIVITY REPORT-
15 ING REQUIREMENTS FOR REGISTERED BROKERS AND
16 DEALERS.—The Secretary of the Treasury, in consulta-
17 tion with the Securities and Exchange Commission, shall
18 publish proposed regulations in the Federal Register be-
19 fore January 1, 2002, requiring brokers and dealers reg-
20 istered with the Securities and Exchange Commission
21 under the Securities Exchange Act of 1934 to submit sus-
22 picious activity reports under section 5318(g) of title 31,
23 United States Code. Such regulations shall be published
24 in final form no later than June 1, 2002.



1 (b) SUSPICIOUS ACTIVITY REPORTING REQUIRE-
2 MENTS FOR FUTURES COMMISSION MERCHANTS, COM-
3 MODITY TRADING ADVISORS, AND COMMODITY POOL OP-
4 ERATORS.—The Secretary of the Treasury, in consultation
5 with the Commodity Futures Trading Commission, may
6 prescribe regulations requiring futures commission mer-
7 chants, commodity trading advisors, and commodity pool
8 operators registered under the Commodity Exchange Act
9 to submit suspicious activity reports under section
10 5318(g) of title 31, United States Code.

11 **SEC. 207. AMENDMENTS RELATING TO REPORTING OF SUS-**
12 **PICIOUS ACTIVITIES.**

13 (a) AMENDMENT RELATING TO CIVIL LIABILITY IM-
14 MUNITY FOR DISCLOSURES.—Section 5318(g)(3) of title
15 31, United States Code, is amended to read as follows:

16 “(3) LIABILITY FOR DISCLOSURES.—

17 “(A) IN GENERAL.—Any financial institu-
18 tion that makes a voluntary disclosure of any
19 possible violation of law or regulation to a gov-
20 ernment agency or makes a disclosure pursuant
21 to this subsection or any other authority, and
22 any director, officer, employee, or agent of such
23 institution who makes, or requires another to
24 make any such disclosure, shall not be liable to
25 any person under any law or regulation of the



1 United States, any constitution, law, or regula-
2 tion of any State or political subdivision of any
3 State, or under any contract or other legally en-
4 forceable agreement (including any arbitration
5 agreement), for such disclosure or for any fail-
6 ure to provide notice of such disclosure to any
7 person.

8 “(B) RULE OF CONSTRUCTION.—Subpara-
9 graph (A) shall not be construed as creating—

10 “(i) any inference that the term ‘per-
11 son’, as used in such subparagraph, may
12 be construed more broadly than its ordi-
13 nary usage so to include any government
14 or agency of government; or

15 “(ii) any immunity against, or other-
16 wise affecting, any civil or criminal action
17 brought by any government or agency of
18 government to enforce any constitution,
19 law, or regulation of such government or
20 agency.”.

21 (b) PROHIBITION ON NOTIFICATION OF DISCLO-
22 SURES.—Section 5318(g)(2) of title 31, United States
23 Code, is amended to read as follows:

24 “(2) NOTIFICATION PROHIBITED.—



1 “(A) IN GENERAL.—If a financial institu-
2 tion or any director, officer, employee, or agent
3 of any financial institution, voluntarily or pur-
4 suant to this section or any other authority, re-
5 ports a suspicious transaction to a government
6 agency—

7 “(i) the financial institution, director,
8 officer, employee, or agent may not notify
9 any person involved in the transaction that
10 the transaction has been reported; and

11 “(ii) no officer or employee of the
12 Federal Government or of any State, local,
13 tribal, or territorial government within the
14 United States, who has any knowledge that
15 such report was made may disclose to any
16 person involved in the transaction that the
17 transaction has been reported other than
18 as necessary to fulfill the official duties of
19 such officer or employee.

20 “(B) DISCLOSURES IN CERTAIN EMPLOY-
21 MENT REFERENCES.—Notwithstanding the ap-
22 plication of subparagraph (A) in any other con-
23 text, subparagraph (A) shall not be construed
24 as prohibiting any financial institution, or any
25 director, officer, employee, or agent of such in-



1 stitution, from including, in a written employ-
2 ment reference that is provided in accordance
3 with section 18(v) of the Federal Deposit Insur-
4 ance Act in response to a request from another
5 financial institution or a written termination
6 notice or employment reference that is provided
7 in accordance with the rules of the self-regu-
8 latory organizations registered with the Securi-
9 ties and Exchange Commission or the Com-
10 modity Futures Trading Commission, informa-
11 tion that was included in a report to which sub-
12 paragraph (A) applies, but such written employ-
13 ment reference may not disclose that such in-
14 formation was also included in any such report
15 or that such report was made.”.

16 **SEC. 208. AUTHORIZATION TO INCLUDE SUSPICIONS OF IL-**
17 **LEGAL ACTIVITY IN WRITTEN EMPLOYMENT**
18 **REFERENCES.**

19 Section 18 of the Federal Deposit Insurance Act (12
20 U.S.C. 1828) is amended by adding at the end the fol-
21 lowing new subsection:

22 “(w) WRITTEN EMPLOYMENT REFERENCES MAY
23 CONTAIN SUSPICIONS OF INVOLVEMENT IN ILLEGAL AC-
24 TIVITY.—



1 “(1) IN GENERAL.—Notwithstanding any other
2 provision of law, any insured depository institution,
3 and any director, officer, employee, or agent of such
4 institution, may disclose in any written employment
5 reference relating to a current or former institution-
6 affiliated party of such institution which is provided
7 to another insured depository institution in response
8 to a request from such other institution, information
9 concerning the possible involvement of such institu-
10 tion-affiliated party in potentially unlawful activity,
11 to the extent—

12 “(A) the disclosure does not contain infor-
13 mation which the institution, director, officer,
14 employee, or agent knows to be false; and

15 “(B) the institution, director, officer, em-
16 ployee, or agent has not acted with malice or
17 with reckless disregard for the truth in making
18 the disclosure.

19 “(2) DEFINITION.—For purposes of this sub-
20 section, the term ‘insured depository institution’ in-
21 cludes any uninsured branch or agency of a foreign
22 bank.”.

23 **SEC. 209. INTERNATIONAL COOPERATION ON IDENTIFICA-**
24 **TION OF ORIGINATORS OF WIRE TRANSFERS.**

25 The Secretary of the Treasury shall—



1 (1) in consultation with the Attorney General
2 and the Secretary of State, take all reasonable steps
3 to encourage foreign governments to require the in-
4 clusion of the name of the originator in wire transfer
5 instructions sent to the United States and other
6 countries, with the information to remain with the
7 transfer from its origination until the point of dis-
8 bursement; and

9 (2) report annually to the Committee on Finan-
10 cial Services of the House of Representatives and
11 the Committee on Banking, Housing, and Urban Af-
12 fairs of the Senate on—

13 (A) progress toward the goal enumerated
14 in paragraph (1), as well as impediments to im-
15 plementation and an estimated compliance rate;
16 and

17 (B) impediments to instituting a regime in
18 which all appropriate identification, as defined
19 by the Secretary, about wire transfer recipients
20 shall be included with wire transfers from their
21 point of origination until disbursement.

22 **SEC. 210. CHECK TRUNCATION STUDY.**

23 Before the end of the 180-day period beginning on
24 the date of the enactment of this Act, the Secretary of
25 the Treasury, in consultation with the Attorney General



1 and the Board of Governors of the Federal Reserve Sys-
2 tem, shall conduct a study of the impact on—

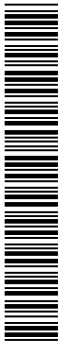
3 (1) crime prevention (including money laun-
4 dering and terrorism);

5 (2) law enforcement;

6 (3) the financial services industry (including the
7 technical, operational, and economic impact on the
8 industry) and customers of such industry;

9 (4) the payment system (including the liquidity,
10 stability, and efficiency of the payment system and
11 the ability to monitor and access the flow of funds);
12 and

13 (5) the consumer protection laws,
14 of any policy of the Board of Governors of the Federal
15 Reserve System relating to the promotion of check
16 electronification, through truncation or other means, or
17 migration away from paper checks. The study shall also
18 include an analysis of the benefits and burdens of pro-
19 moting check electronification on the foregoing entities.



1 **TITLE III—COMBATTING INTER-**
2 **NATIONAL MONEY LAUN-**
3 **DERING**

4 **SEC. 301. SPECIAL MEASURES FOR JURISDICTIONS, FINAN-**
5 **CIAL INSTITUTIONS, OR INTERNATIONAL**
6 **TRANSACTIONS OF PRIMARY MONEY LAUN-**
7 **DERING CONCERN.**

8 (a) IN GENERAL.—Subchapter II of chapter 53 of
9 title 31, United States Code, is amended by inserting after
10 section 5318 the following new section:

11 **“§ 5318A. Special measures for jurisdictions, financial**
12 **institutions, or international transactions**
13 **of primary money laundering concern**

14 “(a) INTERNATIONAL COUNTER-MONEY LAUN-
15 DERING REQUIREMENTS.—

16 “(1) IN GENERAL.—The Secretary may require
17 domestic financial institutions and domestic financial
18 agencies to take 1 or more of the special measures
19 described in subsection (b) if the Secretary finds
20 that reasonable grounds exist for concluding that a
21 jurisdiction outside of the United States, 1 or more
22 financial institutions operating outside of the United
23 States, 1 or more classes of transactions within, or
24 involving, a jurisdiction outside of the United States,
25 or 1 or more types of accounts is of primary money



1 laundrying concern, in accordance with subsection
2 (c).

3 “(2) FORM OF REQUIREMENT.—The special
4 measures described in—

5 “(A) subsection (b) may be imposed in
6 such sequence or combination as the Secretary
7 shall determine;

8 “(B) paragraphs (1) through (4) of sub-
9 section (b) may be imposed by regulation,
10 order, or otherwise as permitted by law; and

11 “(C) subsection (b)(5) may be imposed
12 only by regulation.

13 “(3) DURATION OF ORDERS; RULEMAKING.—
14 Any order by which a special measure described in
15 paragraphs (1) through (4) of subsection (b) is im-
16 posed (other than an order described in section
17 5326)—

18 “(A) shall be issued together with a notice
19 of proposed rulemaking relating to the imposi-
20 tion of such special measure; and

21 “(B) may not remain in effect for more
22 than 120 days, except pursuant to a regulation
23 prescribed on or before the end of the 120-day
24 period beginning on the date of issuance of
25 such order.



1 “(4) PROCESS FOR SELECTING SPECIAL MEAS-
2 URES.—In selecting which special measure or meas-
3 ures to take under this subsection, the Secretary—

4 “(A) shall consult with the Chairman of
5 the Board of Governors of the Federal Reserve
6 System, any other appropriate Federal banking
7 agency (as defined in section 3 of the Federal
8 Deposit Insurance Act), the Secretary of State,
9 the Securities and Exchange Commission, the
10 Commodity Futures Trading Commission, the
11 National Credit Union Administration Board,
12 and in the sole discretion of the Secretary such
13 other agencies and interested parties as the
14 Secretary may find to be appropriate; and

15 “(B) shall consider—

16 “(i) whether similar action has been
17 or is being taken by other nations or multi-
18 lateral groups;

19 “(ii) whether the imposition of any
20 particular special measure would create a
21 significant competitive disadvantage, in-
22 cluding any undue cost or burden associ-
23 ated with compliance, for financial institu-
24 tions organized or licensed in the United
25 States;



1 “(iii) the extent to which the action or
2 the timing of the action would have a sig-
3 nificant adverse systemic impact on the
4 international payment, clearance, and set-
5 tlement system, or on legitimate business
6 activities involving the particular jurisdic-
7 tion, institution, or class of transactions;
8 and

9 “(iv) the effect on national security
10 and foreign policy.

11 “(5) NO LIMITATION ON OTHER AUTHORITY.—

12 This section shall not be construed as superseding or
13 otherwise restricting any other authority granted to
14 the Secretary, or to any other agency, by this sub-
15 chapter or otherwise.

16 “(b) SPECIAL MEASURES.—The special measures re-
17 ferred to in subsection (a), with respect to a jurisdiction
18 outside of the United States, financial institution oper-
19 ating outside of the United States, class of transaction
20 within, or involving, a jurisdiction outside of the United
21 States, or 1 or more types of accounts are as follows:

22 “(1) RECORDKEEPING AND REPORTING OF
23 CERTAIN FINANCIAL TRANSACTIONS.—

24 “(A) IN GENERAL.—The Secretary may re-
25 quire any domestic financial institution or do-



1 mestic financial agency to maintain records, file
2 reports, or both, concerning the aggregate
3 amount of transactions, or concerning each
4 transaction, with respect to a jurisdiction out-
5 side of the United States, 1 or more financial
6 institutions operating outside of the United
7 States, 1 or more classes of transactions within,
8 or involving, a jurisdiction outside of the United
9 States, or 1 or more types of accounts if the
10 Secretary finds any such jurisdiction, institu-
11 tion, or class of transactions to be of primary
12 money laundering concern.

13 “(B) FORM OF RECORDS AND REPORTS.—
14 Such records and reports shall be made and re-
15 tained at such time, in such manner, and for
16 such period of time, as the Secretary shall de-
17 termine, and shall include such information as
18 the Secretary may determine, including—

19 “(i) the identity and address of the
20 participants in a transaction or relation-
21 ship, including the identity of the origi-
22 nator of any funds transfer;

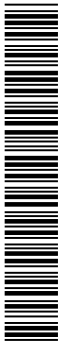
23 “(ii) the legal capacity in which a par-
24 ticipant in any transaction is acting;



1 “(iii) the identity of the beneficial
2 owner of the funds involved in any trans-
3 action, in accordance with such procedures
4 as the Secretary determines to be reason-
5 able and practicable to obtain and retain
6 the information; and

7 “(iv) a description of any transaction.

8 “(2) INFORMATION RELATING TO BENEFICIAL
9 OWNERSHIP.—In addition to any other requirement
10 under any other provision of law, the Secretary may
11 require any domestic financial institution or domes-
12 tic financial agency to take such steps as the Sec-
13 retary may determine to be reasonable and prac-
14 ticable to obtain and retain information concerning
15 the beneficial ownership of any account opened or
16 maintained in the United States by a foreign person
17 (other than a foreign entity whose shares are subject
18 to public reporting requirements or are listed and
19 traded on a regulated exchange or trading market),
20 or a representative of such a foreign person, that in-
21 volves a jurisdiction outside of the United States, 1
22 or more financial institutions operating outside of
23 the United States, 1 or more classes of transactions
24 within, or involving, a jurisdiction outside of the
25 United States, or 1 or more types of accounts if the



1 Secretary finds any such jurisdiction, institution,
2 transaction, or account to be of primary money laun-
3 dering concern.

4 “(3) INFORMATION RELATING TO CERTAIN PAY-
5 ABLE-THROUGH ACCOUNTS.—If the Secretary finds
6 a jurisdiction outside of the United States, 1 or
7 more financial institutions operating outside of the
8 United States, or 1 or more classes of transactions
9 within, or involving, a jurisdiction outside of the
10 United States to be of primary money laundering
11 concern, the Secretary may require any domestic fi-
12 nancial institution or domestic financial agency that
13 opens or maintains a payable-through account in the
14 United States for a foreign financial institution in-
15 volving any such jurisdiction or any such financial
16 institution operating outside of the United States, or
17 a payable through account through which any such
18 transaction may be conducted, as a condition of
19 opening or maintaining such account—

20 “(A) to identify each customer (and rep-
21 resentative of such customer) of such financial
22 institution who is permitted to use, or whose
23 transactions are routed through, such payable-
24 through account; and



1 “(B) to obtain, with respect to each such
2 customer (and each such representative), infor-
3 mation that is substantially comparable to that
4 which the depository institution obtains in the
5 ordinary course of business with respect to its
6 customers residing in the United States.

7 “(4) INFORMATION RELATING TO CERTAIN COR-
8 RESPONDENT ACCOUNTS.—If the Secretary finds a
9 jurisdiction outside of the United States, 1 or more
10 financial institutions operating outside of the United
11 States, or 1 or more classes of transactions within,
12 or involving, a jurisdiction outside of the United
13 States to be of primary money laundering concern,
14 the Secretary may require any domestic financial in-
15 stitution or domestic financial agency that opens or
16 maintains a correspondent account in the United
17 States for a foreign financial institution involving
18 any such jurisdiction or any such financial institu-
19 tion operating outside of the United States, or a cor-
20 respondent account through which any such trans-
21 action may be conducted, as a condition of opening
22 or maintaining such account—

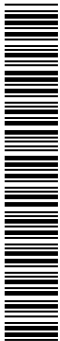
23 “(A) to identify each customer (and rep-
24 resentative of such customer) of any such finan-
25 cial institution who is permitted to use, or



1 whose transactions are routed through, such
2 correspondent account; and

3 “(B) to obtain, with respect to each such
4 customer (and each such representative), infor-
5 mation that is substantially comparable to that
6 which the depository institution obtains in the
7 ordinary course of business with respect to its
8 customers residing in the United States.

9 “(5) PROHIBITIONS OR CONDITIONS ON OPEN-
10 ING OR MAINTAINING CERTAIN CORRESPONDENT OR
11 PAYABLE-THROUGH ACCOUNTS.—If the Secretary
12 finds a jurisdiction outside of the United States, 1
13 or more financial institutions operating outside of
14 the United States, or 1 or more classes of trans-
15 actions within, or involving, a jurisdiction outside of
16 the United States to be of primary money laun-
17 dering concern, the Secretary, in consultation with
18 the Secretary of State, the Attorney General, and
19 the Chairman of the Board of Governors of the Fed-
20 eral Reserve System, may prohibit, or impose condi-
21 tions upon, the opening or maintaining in the United
22 States of a correspondent account or payable-
23 through account by any domestic financial institu-
24 tion or domestic financial agency for or on behalf of
25 a foreign banking institution, if such correspondent



1 account or payable-through account involves any
2 such jurisdiction or institution, or if any such trans-
3 action may be conducted through such cor-
4 respondent account or payable-through account.

5 “(c) CONSULTATIONS AND INFORMATION TO BE
6 CONSIDERED IN FINDING JURISDICTIONS, INSTITUTIONS,
7 TYPES OF ACCOUNTS, OR TRANSACTIONS TO BE OF PRI-
8 MARY MONEY LAUNDERING CONCERN.—

9 “(1) IN GENERAL.—In making a finding that
10 reasonable grounds exist for concluding that a juris-
11 diction outside of the United States, 1 or more fi-
12 nancial institutions operating outside of the United
13 States, 1 or more classes of transactions within, or
14 involving, a jurisdiction outside of the United States,
15 or 1 or more types of accounts is of primary money
16 laundering concern so as to authorize the Secretary
17 to take 1 or more of the special measures described
18 in subsection (b), the Secretary shall consult with
19 the Secretary of State, and the Attorney General.

20 “(2) ADDITIONAL CONSIDERATIONS.—In mak-
21 ing a finding described in paragraph (1), the Sec-
22 retary shall consider in addition such information as
23 the Secretary determines to be relevant, including
24 the following potentially relevant factors:



1 “(A) JURISDICTIONAL FACTORS.—In the
2 case of a particular jurisdiction—

3 “(i) evidence that organized criminal
4 groups, international terrorists, or both,
5 have transacted business in that jurisdic-
6 tion;

7 “(ii) the extent to which that jurisdic-
8 tion or financial institutions operating in
9 that jurisdiction offer bank secrecy or spe-
10 cial regulatory advantages to nonresidents
11 or nondomiciliaries of that jurisdiction;

12 “(iii) the substance and quality of ad-
13 ministration of the bank supervisory and
14 counter-money laundering laws of that ju-
15 risdiction;

16 “(iv) the relationship between the vol-
17 ume of financial transactions occurring in
18 that jurisdiction and the size of the econ-
19 omy of the jurisdiction;

20 “(v) the extent to which that jurisdic-
21 tion is characterized as an offshore bank-
22 ing or secrecy haven by credible inter-
23 national organizations or multilateral ex-
24 pert groups;



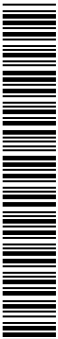
1 “(vi) whether the United States has a
2 mutual legal assistance treaty with that ju-
3 risdiction, and the experience of United
4 States law enforcement officials, and regu-
5 latory officials in obtaining information
6 about transactions originating in or routed
7 through or to such jurisdiction; and

8 “(vii) the extent to which that juris-
9 diction is characterized by high levels of of-
10 ficial or institutional corruption.

11 “(B) INSTITUTIONAL FACTORS.—In the
12 case of a decision to apply 1 or more of the spe-
13 cial measures described in subsection (b) only
14 to a financial institution or institutions, or to a
15 transaction or class of transactions, or to a type
16 of account, or to all 3, within or involving a
17 particular jurisdiction—

18 “(i) the extent to which such financial
19 institutions, transactions, or types of ac-
20 counts are used to facilitate or promote
21 money laundering in or through the juris-
22 diction;

23 “(ii) the extent to which such institu-
24 tions, transactions, or types of accounts



1 are used for legitimate business purposes
2 in the jurisdiction; and

3 “(iii) the extent to which such action
4 is sufficient to ensure, with respect to
5 transactions involving the jurisdiction and
6 institutions operating in the jurisdiction,
7 that the purposes of this subchapter con-
8 tinue to be fulfilled, and to guard against
9 international money laundering and other
10 financial crimes.

11 “(d) NOTIFICATION OF SPECIAL MEASURES IN-
12 VOKED BY THE SECRETARY.—Not later than 10 days
13 after the date of any action taken by the Secretary under
14 subsection (a)(1), the Secretary shall notify, in writing,
15 the Committee on Financial Services of the House of Rep-
16 resentatives and the Committee on Banking, Housing, and
17 Urban Affairs of the Senate of any such action.

18 “(e) DEFINITIONS.—Notwithstanding any other pro-
19 vision of this subchapter, for purposes of this section, the
20 following definitions shall apply:

21 “(1) BANK DEFINITIONS.—The following defini-
22 tions shall apply with respect to a bank:

23 “(A) ACCOUNT.—The term ‘account’—

24 “(i) means a formal banking or busi-
25 ness relationship established to provide



1 regular services, dealings, and other finan-
2 cial transactions; and

3 “(ii) includes a demand deposit, sav-
4 ings deposit, or other transaction or asset
5 account and a credit account or other ex-
6 tension of credit.

7 “(B) CORRESPONDENT ACCOUNT.—The
8 term ‘correspondent account’ means an account
9 established to receive deposits from, make pay-
10 ments on behalf of a foreign financial institu-
11 tion, or handle other financial transactions re-
12 lated to such institution.

13 “(C) PAYABLE-THROUGH ACCOUNT.—The
14 term ‘payable-through account’ means an ac-
15 count, including a transaction account (as de-
16 fined in section 19(b)(1)(C) of the Federal Re-
17 serve Act), opened at a depository institution by
18 a foreign financial institution by means of
19 which the foreign financial institution permits
20 its customers to engage, either directly or
21 through a subaccount, in banking activities
22 usual in connection with the business of bank-
23 ing in the United States.

24 “(D) SECRETARY.—The term ‘Secretary’
25 means the Secretary of the Treasury.



1 “(2) DEFINITIONS APPLICABLE TO INSTITU-
2 TIONS OTHER THAN BANKS.—With respect to any fi-
3 nancial institution other than a bank, the Secretary
4 shall, after consultation with the appropriate Fed-
5 eral functional regulators (as defined in section 509
6 of the Gramm-Leach-Bliley Act), define by regula-
7 tion the term ‘account’, and shall include within the
8 meaning of that term, to the extent, if any, that the
9 Secretary deems appropriate, arrangements similar
10 to payable-through and correspondent accounts.

11 “(3) REGULATORY DEFINITION.—The Sec-
12 retary shall prescribe regulations defining beneficial
13 ownership of an account for purposes of this sub-
14 chapter. Such regulations shall address issues re-
15 lated to an individual’s authority to fund, direct, or
16 manage the account (including the power to direct
17 payments into or out of the account), and an indi-
18 vidual’s material interest in the income or corpus of
19 the account, and shall ensure that the identification
20 of individuals under this section does not extend to
21 any individual whose beneficial interest in the in-
22 come or corpus of the account is immaterial.

23 “(4) OTHER TERMS.—The Secretary may, by
24 regulation, further define the terms in paragraphs
25 (1) and (2) and define other terms for the purposes



1 of this section, as the Secretary deems appro-
2 priate.”.

3 (b) FINANCIAL INSTITUTIONS SPECIFIED IN SUB-
4 CHAPTER II OF CHAPTER 53 OF TITLE 31, UNITED
5 STATES CODE.—

6 (1) CREDIT UNIONS.—Subparagraph (E) of
7 section 5312(2) of title 31, United States Code, is
8 amended to read as follows:

9 “(E) any credit union;”.

10 (2) FUTURES COMMISSION MERCHANT; COM-
11 MODITY TRADING ADVISOR; COMMODITY POOL OPER-
12 ATOR.—Section 5312 of title 31, United States
13 Code, is amended by adding at the end the following
14 new subsection:

15 “(c) ADDITIONAL DEFINITIONS.—For purposes of
16 this subchapter, the following definitions shall apply:

17 “(1) CERTAIN INSTITUTIONS INCLUDED IN
18 DEFINITION.—The term ‘financial institution’ (as
19 defined in subsection (a)) includes the following:

20 “(A) Any futures commission merchant,
21 commodity trading advisor, or commodity pool
22 operator registered, or required to register,
23 under the Commodity Exchange Act.”.

24 (3) CFTC INCLUDED.—For purposes of this
25 Act and any amendment made by this Act to any



1 other provision of law, the term “Federal functional
2 regulator” includes the Commodity Futures Trading
3 Commission.

4 (c) CLERICAL AMENDMENT.—The table of sections
5 for subchapter II of chapter 53 of title 31, United States
6 Code, is amended by inserting after the item relating to
7 section 5318 the following new item:

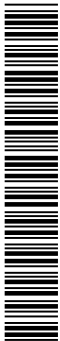
“5318A. Special measures for jurisdictions, financial institutions, or inter-
national transactions of primary money laundering concern.”.

8 **SEC. 302. SPECIAL DUE DILIGENCE FOR CORRESPONDENT**
9 **ACCOUNTS AND PRIVATE BANKING AC-**
10 **COUNTS.**

11 (a) IN GENERAL.—Section 5318 of title 31, United
12 States Code, is amended by inserting after subsection (i)
13 (as added by section 119 of this Act) the following new
14 subsection:

15 “(j) DUE DILIGENCE FOR UNITED STATES PRIVATE
16 BANKING AND CORRESPONDENT BANK ACCOUNTS IN-
17 VOLVING FOREIGN PERSONS.—

18 “(1) IN GENERAL.—Each financial institution
19 that establishes, maintains, administers, or manages
20 a private banking account or a correspondent ac-
21 count in the United States for a non-United States
22 person, including a foreign individual visiting the
23 United States, or a representative of a non-United
24 States person, shall establish appropriate, specific,



1 and, where necessary, enhanced due diligence poli-
2 cies, procedures, and controls to detect and report
3 instances of money laundering through those ac-
4 counts.

5 “(2) SPECIAL STANDARDS FOR CERTAIN COR-
6 RESPONDENT ACCOUNTS.—

7 “(A) IN GENERAL.—Subparagraph (B)
8 shall apply if a correspondent account is re-
9 quested or maintained by, or on behalf of, a
10 foreign bank operating—

11 “(i) under an offshore banking li-
12 cense; or

13 “(ii) under a banking license issued
14 by a foreign country that has been
15 designated—

16 “(I) as noncooperative with inter-
17 national anti-money laundering prin-
18 ciples or procedures by an intergov-
19 ernmental group or organization of
20 which the United States is a member
21 with which designation the Secretary
22 of the Treasury concurs; or

23 “(II) by the Secretary as war-
24 ranting special measures due to
25 money laundering concerns.



1 “(B) POLICIES, PROCEDURES, AND CON-
2 TROLS.—The enhanced due diligence policies,
3 procedures, and controls required under para-
4 graph (1) for foreign banks described in sub-
5 paragraph (A) shall, at a minimum, ensure that
6 the financial institution in the United States
7 takes reasonable steps—

8 “(i) to ascertain for any such foreign
9 bank, the shares of which are not publicly
10 traded, the identity of each of the owners
11 of the foreign bank, and the nature and
12 extent of the ownership interest of each
13 such owner;

14 “(ii) to conduct enhanced scrutiny of
15 such account to guard against money laun-
16 dering and report any suspicious trans-
17 actions under section 5318(g); and

18 “(iii) to ascertain whether such for-
19 eign bank provides correspondent accounts
20 to other foreign banks and, if so, the iden-
21 tity of those foreign banks and related due
22 diligence information, as appropriate under
23 paragraph (1).

24 “(3) MINIMUM STANDARDS FOR PRIVATE BANK-
25 ING ACCOUNTS.—If a private banking account is re-



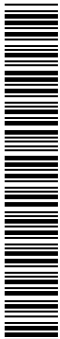
1 requested or maintained by, or on behalf of, a non-
2 United States person, then the due diligence policies,
3 procedures, and controls required under paragraph
4 (1) shall, at a minimum, ensure that the financial
5 institution takes reasonable steps—

6 “(A) to ascertain the identity of the nomi-
7 nal and beneficial owners of, and the source of
8 funds deposited into, such account as needed to
9 guard against money laundering and report any
10 suspicious transactions under section 5318(g);
11 and

12 “(B) to conduct enhanced scrutiny of any
13 such account that is requested or maintained
14 by, or on behalf of, a senior foreign political fig-
15 ure, or any immediate family member or close
16 associate of a senior foreign political figure, to
17 prevent, detect, and report transactions that
18 may involve the proceeds of foreign corruption.

19 “(4) DEFINITIONS.—For purposes of this sub-
20 section, the following definitions shall apply:

21 “(A) OFFSHORE BANKING LICENSE.—The
22 term ‘offshore banking license’ means a license
23 to conduct banking activities which, as a condi-
24 tion of the license, prohibits the licensed entity
25 from conducting banking activities with the citi-



1 zens of, or with the local currency of, the coun-
2 try which issued the license.

3 “(B) PRIVATE BANK ACCOUNT.—The term
4 ‘private bank account’ means an account (or
5 any combination of accounts) that—

6 “(i) requires a minimum aggregate
7 deposits of funds or other assets of not less
8 than \$1,000,000;

9 “(ii) is established on behalf of 1 or
10 more individuals who have a direct or ben-
11 eficial ownership interest in the account;
12 and

13 “(iii) is assigned to, or is administered
14 or managed by, in whole or in part, an of-
15 ficer, employee, or agent of a financial in-
16 stitution acting as a liaison between the fi-
17 nancial institution and the direct or bene-
18 ficial owner of the account.

19 “(5) REGULATORY AUTHORITY.—Before the
20 end of the 6-month period beginning on the date of
21 the enactment of the Financial Anti-Terrorism Act
22 of 2001, the Secretary, in consultation with the ap-
23 propriate Federal functional regulators (as defined
24 in section 509 of the Gramm-Leach-Bliley Act) shall



1 further define and clarify, by regulation, the require-
2 ments of this subsection.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall take effect beginning 180 days after the
5 date of the enactment of this Act with respect to accounts
6 covered by subsection (j) of section 5318 of title 31,
7 United States Code (as added by this section) that are
8 opened before, on, or after the date of the enactment of
9 this Act.

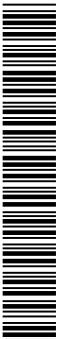
10 **SEC. 303. PROHIBITION ON UNITED STATES COR-**
11 **RESPONDENT ACCOUNTS WITH FOREIGN**
12 **SHELL BANKS.**

13 Section 5318 of title 31, United States Code, is
14 amended by inserting after subsection (j) (as added by sec-
15 tion 302 of this title) the following new subsection:

16 “(k) PROHIBITION ON UNITED STATES COR-
17 RESPONDENT ACCOUNTS WITH FOREIGN SHELL
18 BANKS.—

19 “(1) IN GENERAL.—A depository institution
20 shall not establish, maintain, administer, or manage
21 a correspondent account in the United States for, or
22 on behalf of, a foreign bank that does not have a
23 physical presence in any country.

24 “(2) PREVENTION OF INDIRECT SERVICE TO
25 FOREIGN SHELL BANKS.—



1 “(A) IN GENERAL.—A depository institu-
2 tion shall take reasonable steps to ensure that
3 any correspondent account established, main-
4 tained, administered, or managed by that insti-
5 tution in the United States for a foreign bank
6 is not being used by that foreign bank to indi-
7 rectly provide banking services to another for-
8 eign bank that does not have a physical pres-
9 ence in any country.

10 “(B) REGULATIONS.—The Secretary shall,
11 in regulations, delineate reasonable steps nec-
12 essary for a depository institution to comply
13 with this subsection.

14 “(3) EXCEPTION.—Paragraphs (1) and (2)
15 shall not be construed as prohibiting a depository in-
16 stitution from providing a correspondent account to
17 a foreign bank, if the foreign bank—

18 “(A) is an affiliate of a depository institu-
19 tion, credit union, or other foreign bank that
20 maintains a physical presence in the United
21 States or a foreign country, as applicable; and

22 “(B) is subject to supervision by a banking
23 authority in the country regulating the affili-
24 ated depository institution, credit union, or for-



1 eign bank, described in subparagraph (A), as
2 applicable.

3 “(4) DEFINITIONS.—For purposes of this sec-
4 tion, the following definitions shall apply:

5 “(A) AFFILIATE.—The term ‘affiliate’
6 means a foreign bank that is controlled by or
7 is under common control with a depository in-
8 stitution, credit union, or foreign bank.

9 “(B) DEPOSITORY INSTITUTION.—The ‘de-
10 pository institution’—

11 “(i) has the meaning given such term
12 in section 3 of the Federal Deposit Insur-
13 ance Act; and

14 “(ii) includes a credit union.

15 “(C) PHYSICAL PRESENCE.—The term
16 ‘physical presence’ means a place of business
17 that—

18 “(i) is maintained by a foreign bank;

19 “(ii) is located at a fixed address
20 (other than solely an electronic address) in
21 a country in which the foreign bank is au-
22 thorized to conduct banking activities, at
23 which location the foreign bank—

24 “(I) employs 1 or more individ-
25 uals on a full-time basis; and



1 “(II) maintains operating records
2 related to its banking activities; and
3 “(iii) is subject to inspection by the
4 banking authority which licensed the for-
5 eign bank to conduct banking activities.”.

6 **SEC. 304. ANTI-MONEY LAUNDERING PROGRAMS.**

7 (a) IN GENERAL.—Section 5318(h) of title 31,
8 United States Code, is amended to read as follows:

9 “(h) ANTI-MONEY LAUNDERING PROGRAMS.—

10 “(1) IN GENERAL.—In order to guard against
11 money laundering through financial institutions,
12 each financial institution shall establish anti-money
13 laundering programs, including, at a minimum—

14 “(A) the development of internal policies,
15 procedures, and controls;

16 “(B) the designation of an officer of the fi-
17 nancial institution responsible for compliance;

18 “(C) an ongoing employee training pro-
19 gram; and

20 “(D) an independent audit function to test
21 programs.

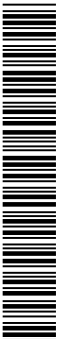
22 “(2) REGULATIONS.—The Secretary may, after
23 consultation with the appropriate Federal functional
24 regulators (as defined in section 509 of the Gramm-
25 Leach-Bliley Act), prescribe minimum standards for



1 programs established under paragraph (1), and may
2 exempt from the application of those standards any
3 financial institution that is not subject to the provi-
4 sions of the regulations contained in part 103 of
5 title 31, of the Code of Federal Regulations, as in
6 effect on the date of the enactment of the Financial
7 Anti-Terrorism Act of 2001, or any successor to
8 such regulations, for so long as such financial insti-
9 tution is not subject to the provisions of such regula-
10 tions.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 subsection (a) shall take effect at the end of the 180-day
13 period beginning on the date of the enactment of this Act.

14 (c) DATE OF APPLICATION OF REGULATIONS; FAC-
15 TORS TO BE TAKEN INTO ACCOUNT.—Before the end of
16 the 180-day period beginning on the date of the enactment
17 of this Act, the Secretary of the Treasury shall prescribe
18 regulations to implement the amendment made by sub-
19 section (a). In prescribing such regulations, the Secretary
20 shall consider the extent to which the requirements im-
21 posed under such regulations are commensurate with the
22 size, location, and activities of the financial institutions
23 to which such regulations apply.



1 **SEC. 305. CONCENTRATION ACCOUNTS AT FINANCIAL IN-**
2 **STITUTIONS.**

3 Section 5318(h) of title 31, United States Code (as
4 amended by section 304) is amended by adding at the end
5 the following:

6 “(3) CONCENTRATION ACCOUNTS.—The Sec-
7 retary may prescribe regulations under this sub-
8 section that govern maintenance of concentration ac-
9 counts by financial institutions, in order to ensure
10 that such accounts are not used to prevent associa-
11 tion of the identity of an individual customer with
12 the movement of funds of which the customer is the
13 direct or beneficial owner, which regulations shall, at
14 a minimum—

15 “(A) prohibit financial institutions from al-
16 lowing clients to direct transactions that move
17 their funds into, out of, or through the con-
18 centration accounts of the financial institution;

19 “(B) prohibit financial institutions and
20 their employees from informing customers of
21 the existence of, or the means of identifying,
22 the concentration accounts of the institution;
23 and

24 “(C) require each financial institution to
25 establish written procedures governing the doc-
26 umentation of all transactions involving a con-



1 centration account, which procedures shall en-
2 sure that, any time a transaction involving a
3 concentration account commingles funds belong-
4 ing to 1 or more customers, the identity of, and
5 specific amount belonging to, each customer is
6 documented.”.

7 **SEC. 306. INTERNATIONAL COOPERATION IN INVESTIGA-**
8 **TIONS OF MONEY LAUNDERING, FINANCIAL**
9 **CRIMES, AND THE FINANCES OF TERRORIST**
10 **GROUPS.**

11 (a) NEGOTIATIONS.—

12 (1) IN GENERAL.—It is the sense of the Con-
13 gress that, in addition to the existing requirements
14 of section 4702 of the Anti-Drug Abuse Act of 1988,
15 the President should direct the Secretary of State,
16 the Attorney General, or the Secretary of the Treas-
17 ury, as appropriate and in consultation with the
18 Board of Governors of the Federal Reserve System,
19 to seek to enter into negotiations with the appro-
20 priate financial supervisory agencies and other offi-
21 cials of any foreign country the financial institutions
22 of which do business with United States financial in-
23 stitutions or which may be utilized by any foreign
24 terrorist organization (as designated under section
25 219 of the Immigration and Nationality Act), any



1 person who is a member or representative of any
2 such organization, or any person engaged in money
3 laundering or financial or other crimes.

4 (2) PURPOSES OF NEGOTIATIONS.—It is the
5 sense of the Congress that, in carrying out any ne-
6 gotiations described in paragraph (1), the President
7 should direct the Secretary of State, the Attorney
8 General, or the Secretary of the Treasury, as appro-
9 priate, to seek to enter into and further cooperative
10 efforts, voluntary information exchanges, the use of
11 letters rogatory, mutual legal assistance treaties,
12 and international agreements to—

13 (A) ensure that foreign banks and other fi-
14 nancial institutions maintain adequate records
15 of—

16 (i) large United States currency
17 transactions; and

18 (ii) transaction and account informa-
19 tion relating to any foreign terrorist orga-
20 nization (as designated under section 219
21 of the Immigration and Nationality Act),
22 any person who is a member or representa-
23 tive of any such organization, or any per-
24 son engaged in money laundering or finan-
25 cial or other crimes; and



1 (B) establish a mechanism whereby such records
2 may be made available to United States law enforce-
3 ment officials and domestic financial institution su-
4 pervisors, when appropriate.

5 (b) REPORTS.—

6 (1) IN GENERAL.—Not later than 1 year after
7 the date of the enactment of this Act and annually
8 thereafter, the Secretary of State, in conjunction
9 with the Attorney General and the Secretary of the
10 Treasury, shall submit a report to the Congress, on
11 the progress in any negotiations described in sub-
12 section (a).

13 (2) IDENTIFICATION OF CERTAIN COUN-
14 TRIES.—In any report submitted under paragraph
15 (1), the Secretary of State shall identify countries—

16 (A) with respect to which the Secretary de-
17 termines there is evidence that the financial in-
18 stitutions in such countries are being utilized by
19 any foreign terrorist organization (as des-
20 ignated under section 219 of the Immigration
21 and Nationality Act), any person who is a mem-
22 ber or representative of any such organization,
23 or any person engaged in money laundering or
24 financial or other crimes; and



1 (B) which have not reached agreement
2 with United States authorities to meet the ob-
3 jectives of subparagraphs (A) and (B) of sub-
4 section (a)(2).

5 (3) REPORT ON PENALTIES AND SANCTIONS.—

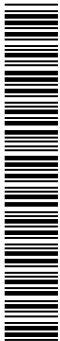
6 If the President determines that—

7 (A) a foreign country is described in sub-
8 paragraphs (A) and (B) of paragraph (2); and

9 (B) such country—

10 (i) is not negotiating in good faith to
11 reach an agreement described in subsection
12 (a)(2); or

13 (ii) has not complied with, or a finan-
14 cial institution of such country has not
15 complied with, a request, made by an offi-
16 cial of the United States Government au-
17 thorized to make such request, for infor-
18 mation regarding a foreign terrorist orga-
19 nization (as designated under section 219
20 of the Immigration and Nationality Act), a
21 person who is a member or representative
22 of any such organization, or a person en-
23 gaged in money laundering for or with any
24 such organization,



1 and the President imposes any penalties or sanctions
2 on such country or financial institutions of such
3 country on the basis of such determination, the Sec-
4 retary of State shall submit a report to the Congress
5 describing the facts and circumstances of the case
6 before the end of the 60-day period beginning on the
7 date such sanctions and penalties take effect.

8 **TITLE IV—CURRENCY**
9 **PROTECTION**

10 **SEC. 401. COUNTERFEITING DOMESTIC CURRENCY AND OB-**
11 **LIGATIONS.**

12 (a) COUNTERFEIT ACTS COMMITTED OUTSIDE THE
13 UNITED STATES.—Section 470 of title 18, United States
14 Code, is amended—

15 (1) in paragraph (2), by inserting “analog, dig-
16 ital, or electronic image,” after “plate, stone,”; and
17 (2) by striking “shall be fined under this title,
18 imprisoned not more than 20 years, or both” and in-
19 serting “shall be punished as is provided for the like
20 offense within the United States”.

21 (b) OBLIGATIONS OR SECURITIES OF THE UNITED
22 STATES.—Section 471 of title 18, United States Code, is
23 amended by striking “fifteen years” and inserting “20
24 years”.



1 (c) UTTERING COUNTERFEIT OBLIGATIONS OR SE-
2 CURITIES.—Section 472 of title 18, United States Code,
3 is amended by striking “fifteen years” and inserting “20
4 years”.

5 (d) DEALING IN COUNTERFEIT OBLIGATIONS OR SE-
6 CURITIES.—Section 473 of title 18, United States Code,
7 is amended by striking “ten years” and inserting “20
8 years”.

9 (e) PLATES, STONES, OR ANALOG, DIGITAL, OR
10 ELECTRONIC IMAGES FOR COUNTERFEITING OBLIGA-
11 TIONS OR SECURITIES.—

12 (1) IN GENERAL.—Section 474(a) of title 18,
13 United States Code, is amended by inserting after
14 the second paragraph the following new paragraph:
15 “Whoever, with intent to defraud, makes, executes,
16 acquires, scans, captures, records, receives, transmits, re-
17 produces, sells, or has in such person’s control, custody,
18 or possession, an analog, digital, or electronic image of
19 any obligation or other security of the United States; or”.

20 (2) AMENDMENT TO DEFINITION.—Section
21 474(b) of title 18, United States Code, is amended
22 by striking the first sentence and inserting the fol-
23 lowing new sentence: “For purposes of this section,
24 the term ‘analog, digital, or electronic image’ in-
25 cludes any analog, digital, or electronic method used



1 for the making, execution, acquisition, scanning,
2 capturing, recording, retrieval, transmission, or re-
3 production of any obligation or security, unless such
4 use is authorized by the Secretary of the Treasury.”.

5 (3) TECHNICAL AND CONFORMING AMEND-
6 MENT.—The heading for section 474 of title 18,
7 United States Code, is amended by striking “**or**
8 **stones**” and inserting “**, stones, or analog,**
9 **digital, or electronic images**”.

10 (4) CLERICAL AMENDMENT.—The table of sec-
11 tions for chapter 25 of title 18, United States Code,
12 is amended in the item relating to section 474 by
13 striking “or stones” and inserting “**, stones, or ana-**
14 **log, digital, or electronic images**”.

15 (f) TAKING IMPRESSIONS OF TOOLS USED FOR OBLI-
16 GATIONS OR SECURITIES.—Section 476 of title 18, United
17 States Code, is amended—

18 (1) by inserting “analog, digital, or electronic
19 image,” after “impression, stamp,”; and

20 (2) by striking “ten years” and inserting “25
21 years”.

22 (g) POSSESSING OR SELLING IMPRESSIONS OF
23 TOOLS USED FOR OBLIGATIONS OR SECURITIES.—Sec-
24 tion 477 of title 18, United States Code, is amended—



1 (1) in the first paragraph, by inserting “analog,
2 digital, or electronic image,” after “imprint,
3 stamp,”;

4 (2) in the second paragraph, by inserting “ana-
5 log, digital, or electronic image,” after “imprint,
6 stamp,”; and

7 (3) in the third paragraph, by striking “ten
8 years” and inserting “25 years”.

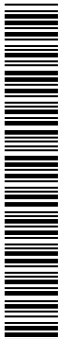
9 (h) CONNECTING PARTS OF DIFFERENT NOTES.—
10 Section 484 of title 18, United States Code, is amended
11 by striking “five years” and inserting “10 years”.

12 (i) BONDS AND OBLIGATIONS OF CERTAIN LENDING
13 AGENCIES.—The first and second paragraphs of section
14 493 of title 18, United States Code, are each amended
15 by striking “five years” and inserting “10 years”.

16 **SEC. 402. COUNTERFEITING FOREIGN CURRENCY AND OB-**
17 **LIGATIONS.**

18 (a) FOREIGN OBLIGATIONS OR SECURITIES.—Sec-
19 tion 478 of title 18, United States Code, is amended by
20 striking “five years” and inserting “20 years”.

21 (b) UTTERING COUNTERFEIT FOREIGN OBLIGA-
22 TIONS OR SECURITIES.—Section 479 of title 18, United
23 States Code, is amended by striking “three years” and
24 inserting “20 years”.



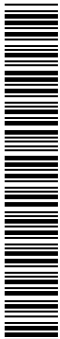
1 (c) POSSESSING COUNTERFEIT FOREIGN OBLIGA-
2 TIONS OR SECURITIES.—Section 480 of title 18, United
3 States Code, is amended by striking “one year” and in-
4 serting “20 years”.

5 (d) PLATES, STONES, OR ANALOG, DIGITAL, OR
6 ELECTRONIC IMAGES FOR COUNTERFEITING FOREIGN
7 OBLIGATIONS OR SECURITIES.—

8 (1) IN GENERAL.—Section 481 of title 18,
9 United States Code, is amended by inserting after
10 the second paragraph the following new paragraph:
11 “Whoever, with intent to defraud, makes, executes,
12 acquires, scans, captures, records, receives, transmits, re-
13 produces, sells, or has in such person’s control, custody,
14 or possession, an analog, digital, or electronic image of
15 any bond, certificate, obligation, or other security of any
16 foreign government, or of any treasury note, bill, or prom-
17 ise to pay, lawfully issued by such foreign government and
18 intended to circulate as money; or”.

19 (2) INCREASED SENTENCE.—The last para-
20 graph of section 481 of title 18, United States Code,
21 is amended by striking “five years” and inserting
22 “25 years”.

23 (3) TECHNICAL AND CONFORMING AMEND-
24 MENT.—The heading for section 481 of title 18,
25 United States Code, is amended by striking “**or**



1 **stones”** and inserting “**, stones, or analog,**
2 **digital, or electronic images”**.

3 (4) CLERICAL AMENDMENT.—The table of sec-
4 tions for chapter 25 of title 18, United States Code,
5 is amended in the item relating to section 481 by
6 striking “or stones” and inserting “, stones, or ana-
7 log, digital, or electronic images”.

8 (e) FOREIGN BANK NOTES.—Section 482 of title 18,
9 United States Code, is amended by striking “two years”
10 and inserting “20 years”.

11 (f) UTTERING COUNTERFEIT FOREIGN BANK
12 NOTES.—Section 483 of title 18, United States Code, is
13 amended by striking “one year” and inserting “20 years”.

14 **SEC. 403. PRODUCTION OF DOCUMENTS.**

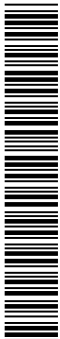
15 Section 5114(a) of title 31, United States Code (re-
16 lating to engraving and printing currency and security
17 documents), is amended—

18 (1) by striking “(a) The Secretary of the Treas-
19 ury” and inserting:

20 “(a) AUTHORITY TO ENGRAVE AND PRINT.—

21 “(1) IN GENERAL.—The Secretary of the
22 Treasury”; and

23 (2) by adding at the end the following new
24 paragraph:



1 “(2) ENGRAVING AND PRINTING FOR OTHER
2 GOVERNMENTS.—The Secretary of the Treasury
3 may, if the Secretary determines that it will not
4 interfere with engraving and printing needs of the
5 United States, produce currency, postage stamps,
6 and other security documents for foreign govern-
7 ments, subject to a determination by the Secretary
8 of State that such production would be consistent
9 with the foreign policy of the United States.”.

10 **SEC. 404. REIMBURSEMENT.**

11 Section 5143 of title 31, United States Code (relating
12 to payment for services of the Bureau of Engraving and
13 Printing), is amended—

14 (1) in the first sentence, by inserting “, any for-
15 eign government, or any territory of the United
16 States” after “agency”;

17 (2) in the second sentence, by inserting “and
18 other” after “administrative”; and

19 (3) in the last sentence, by inserting “, foreign
20 government, or territory of the United States” after
21 “agency”.

